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Pierre F. Landry

# Decentralized Authoritarianism in China



The Communist Party's  
Control of Local Elites  
in the Post-Mao Era

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## Decentralized Authoritarianism in China

China, like many authoritarian regimes, struggles with the tension between the need to foster economic development by empowering local officials and the regime's imperative to control them politically. Pierre F. Landry explores how the Chinese Communist Party (CCP) manages local officials in order to meet these goals and perpetuate an unusually decentralized authoritarian regime.

Using unique data collected at the municipal, county, and village levels, Landry examines in detail how the promotion mechanisms for local cadres have allowed the CCP to reward officials for the development of their localities without weakening political control. His research shows that the CCP's personnel management system is a key factor in explaining China's enduring authoritarianism and proves convincingly that decentralization and authoritarianism can work hand in hand.

Pierre F. Landry is Associate Professor of Political Science at Yale University and a Research Fellow with the Research Center for Contemporary China at Peking University. He is an alumnus of the Hopkins-Nanjing program and taught in the Yale-Peking University joint undergraduate program in 2007. His research interests focus on Chinese politics, comparative local government, and quantitative comparative political analysis. His recent articles have appeared in *Political Analysis* and *The China Quarterly*.



# Decentralized Authoritarianism in China

*The Communist Party's Control of Local Elites  
in the Post-Mao Era*

PIERRE F. LANDRY

*Yale University*



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## Abbreviations

|              |                                                       |
|--------------|-------------------------------------------------------|
| CCP          | Chinese Communist Party                               |
| CLC          | county-level city                                     |
| COD          | Central Organization Department                       |
| CYL          | Communist Youth League                                |
| DIC          | Discipline Inspection Commission                      |
| JES          | Jiangsu Elite Study                                   |
| LPC          | local people's congress                               |
| MCA          | Ministry of Civil Affairs                             |
| MO           | mass organization                                     |
| NPC          | National People's Congress                            |
| OD           | Organization Department                               |
| PBS          | (Communist) Party branch secretary                    |
| PLA          | People's Liberation Army                              |
| PPC          | provincial people's congress                          |
| PPPCC        | provincial people's political consultative conference |
| PRC          | People's Republic of China                            |
| RMB          | Renminbi                                              |
| SEZ          | special economic zone                                 |
| <i>Subei</i> | Chinese abbreviation for Northern Jiangsu             |
| <i>Sunan</i> | Chinese abbreviation for Southern Jiangsu             |
| TPC          | township people's congress                            |
| TVE          | township and village enterprise                       |
| VC           | village committee                                     |
| VCC          | village committee chairman                            |



## Decentralized Authoritarianism in China



## Authoritarianism and Decentralization

In November 2002, Hu Jintao became the fourth general secretary of the Chinese Communist Party (CCP) of the “reform era,” which began in earnest in December 1978. The carefully orchestrated leadership transition was widely regarded as the most predictable and peaceful transfer of power in the history of the People’s Republic. The contrast with the events of the late 1980s that rocked the communist world could not have been greater. When communism ended, first in Eastern Europe, then in the Soviet Union itself, the future of the Chinese regime seemed very much in doubt. The series of demonstrations during the spring of 1989 proved that the CCP was not immune to the kind of political instability that led to the destruction of communism elsewhere. Although by the summer of 1989 the Chinese leadership seemed to have “won,” scholars outside China ascribed the use of force against demonstrators to the desperation of a Party weakened by ten years of reforms; Deng’s pyrrhic victory signified a “transition postponed,” but certainly not a precluded one (Shue, 1992; Pei, 1994).

Fifteen years later, the transition has still not taken place. Instead, the post-Tiananmen leadership surprised the world by embracing a breathtaking series of politically difficult reforms: deeper integration with the world economy, culminating with World Trade Organization membership in 2001; the restructuring of the state sector, including massive layoffs; the privatization of much of the housing sector in urban areas; and the generalization of partially competitive elections



at the village level. Robust economic growth continued, despite the Asian financial crisis of 1997. Far from collapsing in the 1990s, the Chinese regime thrived.

The durability of China's political system is not unique among authoritarian regimes. Among China's communist neighbors, the Soviet Union lasted seventy-four years (1917–1991) and the People's Republic of Mongolia sixty-six (1924–1990), while the North Korean and Vietnamese parties have remained in power from the 1940s to this day. Beyond the socialist world, other authoritarian regimes have also proved highly durable, such as Franco's Spain (1936–1975), Suharto's Indonesia (1965–1998), or the Mexican Institutional Revolutionary Party (PRI) until the political liberalization of the 1990s. What makes the Chinese case especially intriguing is not the duration of the CCP's rule per se, but the manner in which political authority is exercised: China is an authoritarian regime, but it is also decentralized, and these two characteristics do not go hand in hand intuitively or empirically (Burki, Dillinger, and Perry 1999; Dethier, 2000; Gibson, 2004).

Most economists recognize that economic decentralization contributed to China's impressive performance, but political scientists have been far more divided about the political significance of these reforms for the long run. If we turn to the major cross-national compilations of regime types produced by comparativists in recent years, it appears that very little structural political change has occurred since the height of Maoism.<sup>1</sup> Yet even though the PRC has not undergone a transition to “democracy,” the current regime is qualitatively different from the system that the reformers inherited from Mao in the late 1970s. These regimes differ from one another not only because the economic resources available to the leadership are larger than at any time in China's economic history, but more importantly because the mechanisms of accumulating and redistributing *political* resources, the manner in which conflicts within the Party are handled, and more generally the “rules of the game” – have changed profoundly.

In this book, I seek to explain how the CCP has devised and implemented a political strategy that preserves the core elements of the authoritarian system while pursuing economic and administrative

<sup>1</sup> Przeworski et al. (2000) code China as an authoritarian bureaucracy since 1954, while Freedom House ratings relentlessly find that Chinese citizens are “not free.”

decentralization. This evolution is remarkable, not only because the combination of authoritarianism and decentralization is rare across political systems but also because it has succeeded so far.

#### DECENTRALIZATION, CHINESE STYLE

How decentralized is China? Cross-national indicators suggest that the PRC is one of most decentralized countries in the world, if not the most. The most widely accepted measures of decentralization focus on the power of the purse, more precisely the subnational share of total government expenditures (or revenue) (World Bank, 2001).<sup>2</sup> China is unusually decentralized, even following the 1993 reforms that sought to partially recentralize the revenue collection system: In 2002, local governments accounted for nearly 70% of all government spending. Although one must remain cautious that not all countries are observed at all times because of the severity of missing government finance data, post-1995 China ranks among the most decentralized countries in the entire period for which the International Monetary Fund has compiled this information (1972–2000).

The historical trends are equally remarkable. They suggest that even in comparison with periods of contemporary Chinese history commonly associated with intense decentralization – the Great Leap Forward (1958–1962) and the Cultural Revolution (1966–1976)<sup>3</sup> – the reform era marks a *further* bout of decentralization. Smoothing the curve using a ten-year moving average in order to remove short-term cyclical variations, the current level of fiscal decentralization has now stabilized at a historic peak of about 70% (Figures 1.1 and 1.2).

<sup>2</sup> Although it is based on IMF data, the original data set is made available by the World Bank (2001). Whenever possible, I have supplemented revenue and expenditure data that have been reported to the IMF since then, through the Government Finance Statistics data. In addition, missing data for several countries were filled in using the fiscal data published in national statistical yearbooks. Interested readers should contact the author directly for access to this updated data set. For ease of description, I refer to this data set as the “IMF’s decentralization indicators.”

<sup>3</sup> On decentralization during the Great Leap Forward, see Schurmann ([1966] 1968). For a discussion of the relationship between decentralization and the reach of the state during the Cultural Revolution and its immediate aftermath, see Shue (1988) and Falkenheim (1980).

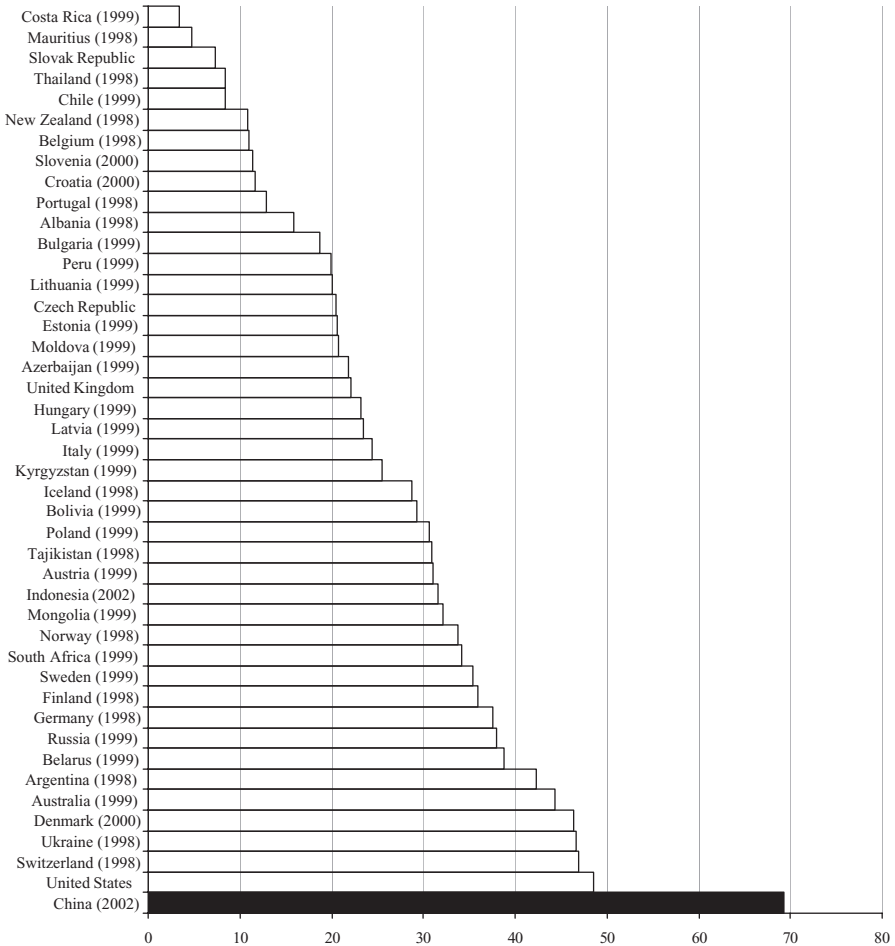


FIGURE 1.1. Current Levels of Fiscal Decentralization (Expenditure Method).  
*Sources:* IMF Fiscal Affairs Department (2000); Ministry of Finance of the PRC: *China Finance Yearbook* 2003.

As elsewhere in the developing world, the political leadership of China has justified its decentralization policies on the grounds of economic efficiency, and the success of post-Mao economic reforms has vindicated this approach: since 1978, the Chinese state has consistently “delivered” high rates of economic growth.<sup>4</sup> Central planning is

<sup>4</sup> See Riskin (1988), Perkins (1988, 1991), and World Bank (1997).

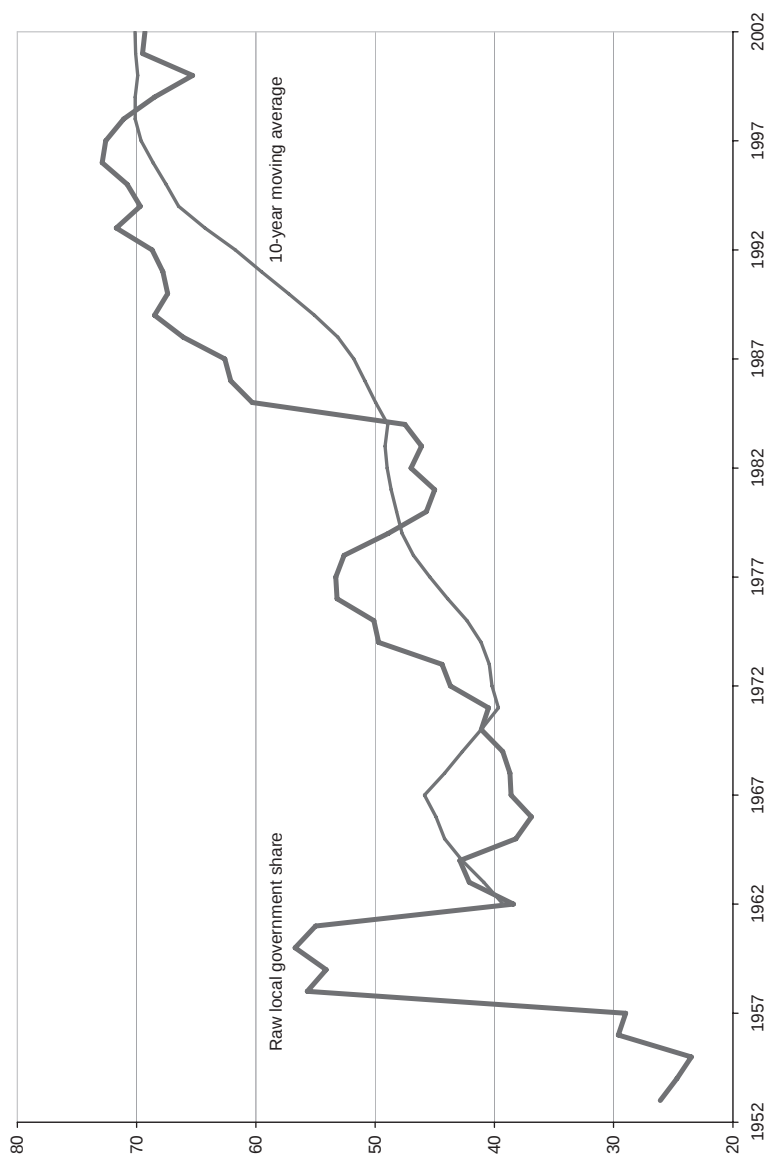


FIGURE 1.2. Fiscal Decentralization: Subnational Expenditures as Percentage of Total Government Expenditures (1952–2002). *Data source:* Ministry of Finance of the PRC; *China Finance Yearbook 2003* (accessed at <http://www.chinainfobank.com>).

TABLE 1.1. *Fiscal Decentralization and Political Regimes (1972–2000)*

|             | Subnational Share (%) of |          |
|-------------|--------------------------|----------|
|             | Expenditures             | Revenues |
| Democracies | 25.48                    | 18.92    |
| Autocracies | 17.76                    | 14.05    |

*Source:* Cheibub and Gandhi, 2004 (for regimes), IMF (for decentralization indicators).

no longer the dominant feature of economic policy (Naughton, 1995), and to the extent that the command economy is still relevant, subnational units exercise significant control over “state” assets (Oi, 1999). In parallel with the decline of central planning, Chinese locales have achieved control over an impressive array of policy areas.<sup>5</sup> Political economists have argued that by building competition across local governments, the decentralization of economic authority has been “market preserving,” and thus a source of economic efficiency (Montinola, Qian, and Weingast, 1995; Jin, Qian, and Weingast, 2005).

China’s position is particularly puzzling if we consider the nature of its political institutions. Decentralization may benefit the economy, yet few authoritarian regimes are inclined to decentralize. The average democracy decentralizes a quarter of its expenditures, whereas China’s average from 1958 to 2002 has been 54.9%, far greater than other authoritarian regimes, as shown in Table 1.1.

Whether one looks at revenue or expenditures, China’s current levels of fiscal decentralization have been surpassed only by Socialist Yugoslavia in the years immediately preceding its break-up. (See Table 1.2.) In only eleven authoritarian regimes has the level of subnational expenditures ever exceeded 30%, and among those, only Mainland China and three post-Soviet regimes (Belarus, Kazakhstan, and Tajikistan) have remained intact following these peaks. I do not suggest that the Chinese regime is about to collapse. I credit instead its political

<sup>5</sup> See in particular Blecher and Shue (1996), Chung (1995), Ding (1994), Jia and Lin (1994), Lieberthal and Lampton (1992), Oksenberg and Tong (1991); Schroeder (1987, 1992) and D. Yang (1994, 1996, 1997).

TABLE 1.2. *Share of Subnational Expenditures among Heavily Decentralized Autocracies*

|              | Mean Share | Period |      | Formal Federalism | Political Evolution                          |
|--------------|------------|--------|------|-------------------|----------------------------------------------|
| Yugoslavia   | 74.86      | 1977   | 1990 | yes               | Country disintegrates in 1990                |
| China        | 54.90      | 1958   | 2002 | no                | Authoritarian regime                         |
| Peru         | 49.76      | 1972   | 1977 | no                | Auth. regime ends in 1979, returns 1990–2000 |
| Kazakhstan   | 46.97      | 1995   | 1998 | no                | Authoritarian regime                         |
| Senegal      | 45.79      | 1972   | 1979 | no                | Authoritarian regime ends in 1999            |
| Belarus      | 34.36      | 1993   | 1999 | no                | Authoritarian regime                         |
| Argentina    | 33.33      | 1981   | 1981 | yes               | Authoritarian regime ends in 1982            |
| South Korea  | 32.92      | 1973   | 1978 | no                | Authoritarian regime ends in 1987            |
| Tajikistan   | 30.89      | 1998   | 1998 | no                | Authoritarian regime                         |
| Mexico       | 30.50      | 1994   | 1994 | yes               | Authoritarian regime ends in 2000            |
| South Africa | 30.48      | 1977   | 1977 | no                | Authoritarian regime ends in 1993            |

*Source:* Cheibub and Gandhi, 2004 (for regimes), IMF (for expenditure measures).

institutions for being able to sustain such levels for so long. What is important is to understand the specific institutional arrangements that make these choices sustainable.

The decision to decentralize is, of course, a complex one in which both political and economic considerations come into play. Democracies tend to value decentralization for its own sake: From Tocqueville ([1839] 2004) onward, the participatory elements of local governance have been viewed as integral to the democratic experience. Fiscal – and other forms of – decentralization help sustain these participatory institutions (Campbell, 2003; Gibson, 2004; Petro, 2004; Oxhorn, Tulchin, and Selee 2004). Furthermore, formal federations are likely to be more decentralized than unitary states because constitutional guarantees extended to the states frequently include explicit provisions for fiscal transfers (Souza, 1997) and because federalism makes the commitment to decentralize more credible (Gibson, 2004; Stepan, 2004).

In contrast, autocratic regimes are likely to fear delegating authority to elites lest they build alternative patronage systems, use local resources to challenge the regime directly, or threaten to secede from the political system altogether (Treisman, 1999). Renegotiating this allocation *ex post facto* may prove difficult, especially in authoritarian political systems. Leninist institutions are especially ill suited to ensure political control in a decentralized setting. Valerie Bunce (1999) shows how the interplay of decentralization policies and preexisting communist institutions among East European communist regimes was a major contributor to their ultimate downfall. In the pre-reform environment, the organizational centralization of the ruling party worked in tandem with the centralization of the economy: Local leaders had enjoyed considerable authority in the localities where they were appointed, but they were also heavily constrained by their lack of control over resources, which were allocated from above. In a decentralized setting, such incentives to comply with central directives are reduced, particularly if these directives challenge established local political hierarchies.

Resource constraints also impede decentralization. Countries at very low levels of economic development may not be able to decentralize if the central state has difficulty funding core expenditures that cannot be easily delegated to the localities, such as national defense and internal security. Since autocracies tend to have a strong preference for the latter, one would expect poor autocracies to be relatively more centralized than more affluent ones.

I present the details of the statistical analysis of the relationship between regimes and decentralization in Appendix 1A.1, which is based on the updated measures of democratic and authoritarian regimes around the world by José A. Cheibub and Jennifer Gandhi (2004),<sup>6</sup> combined with cross-national indicators of fiscal decentralization developed by the IMF. The dependent variable is the percentage of revenue controlled by subnational governments. It is estimated as a linear function of the political system (autocracy or democracy, lagged by one year). The model controls for the age of the regime, the age of

<sup>6</sup> For the details regarding these coding rules, see Przeworski et al. (2000). I am grateful to José Cheibub for graciously sharing his updated data set.

its institutional structures, the level of economic development in the country<sup>7</sup> and a trend variable (year of observation). Since the dependent variable is not always observed because of missing data, a likely cause of selection bias, I implement a correction for sample selection (Heckman, 1978).<sup>8</sup> In the selection equation, the dependent variable is observed as a function of the country's regime type, the existence of formal federalism, and the current level of economic development. (See Appendix 1A.1.)

The results show that fiscal decentralization is very strongly associated with democracy and federalism, whether one considers revenues or expenditures. They support the claim of a nexus between decentralization and democracy (Dethier, 2000; Gibson, 2004; *inter alios*). On the expenditure side, authoritarian regimes are eleven percentage points *less* decentralized than democracies.<sup>9</sup> Furthermore, unitary states are expected to drop a further twenty points, compared with formal federations. Thus, holding the impact of regime duration and levels of economic development constant, we should expect on average a 31-point gap between a federal democracy and a unitary authoritarian regime. These findings provide further evidence that China's experience with decentralization in the reform era is highly unusual. The PRC may be a unitary authoritarian regime, but controlling for its level of economic development, one would expect the PRC to be one of the most centralized countries in the sample. Instead, China's observed level of decentralization is consistent with the behavior of a federal democracy!

### The Political Consequences of Decentralization

Since autocrats are reluctant decentralizers, is there any comparative evidence that decentralization actually undermines authoritarian

<sup>7</sup> Gross domestic product per capita using purchasing power parity (PPP) at constant 1995 U.S. dollars. See "World Development Indicators," World Bank (2005).

<sup>8</sup> The selection equation suggest that the data are biased toward richer, democratic, federal systems, observed recently rather than in the more distant past, which is why this correction is necessary. (Rho is large and significant at the .001 level.)

<sup>9</sup> The same set of independent variables run against expenditure data shows that the gap between democracies and autocracies is 11.2%.



regimes? In order to test this hypothesis, I estimated a simultaneous equation model in which both the level of decentralization and the regime type (autocracy or democracy) are endogenous. (See Appendix 1A.2.) The results suggest that China's decentralization strategy is politically hazardous, for two reasons.

The first effect is direct: Decentralization corrodes authoritarianism by creating loci of power that can gradually develop into a source of political opposition. Such processes were seen in Mexico. Enrique Ochoa-Reza traces the political liberalization of the regime to the reforms of the 1970s that "opened space for political contestation" and empowered opposition parties as they assumed power in the states (Ochoa-Reza, 2004: 257). Decentralization is risky, because once it is introduced, it breeds contestation as well as local demands for further decentralization. The processes that were at play in Mexico were to some extent exacerbated by the presence of a formal federal structure, since formal federations are systematically more decentralized than unitary regimes. The "regime" equations lend support to these arguments. The greater the degree of fiscal decentralization in a country, the less likely it is to be an autocracy. There is of course a degree of institutional stickiness, in the sense that enduring regimes (*agehinst*) are more likely to remain authoritarian than recently established ones. Both models also capture the trend toward democratization around the world.

The second impact of decentralization on authoritarianism is indirect: decentralization may stimulate economic development, as stipulated by Barry Weingast (2000), but development – in turn – corrodes authoritarianism, a result that holds in both the revenue and the expenditure models. Thus, the models clearly highlight the predicament of autocrats: If they choose to decentralize in order to improve growth, their regime is likely to become less secure.

Country-specific forecasts help tease out the political risks that the Chinese leaders have seemingly accepted during the reform era. Using the regime equation estimates and the annual observed values for China for all independent variables (including the instrumentalized impact of decentralization) on the right-hand side, it is easy to compute the probability of autocracy in China from 1980 to 2000, conditional upon the policy choices (levels of decentralization), economic performance, and the regime's durability "so far."

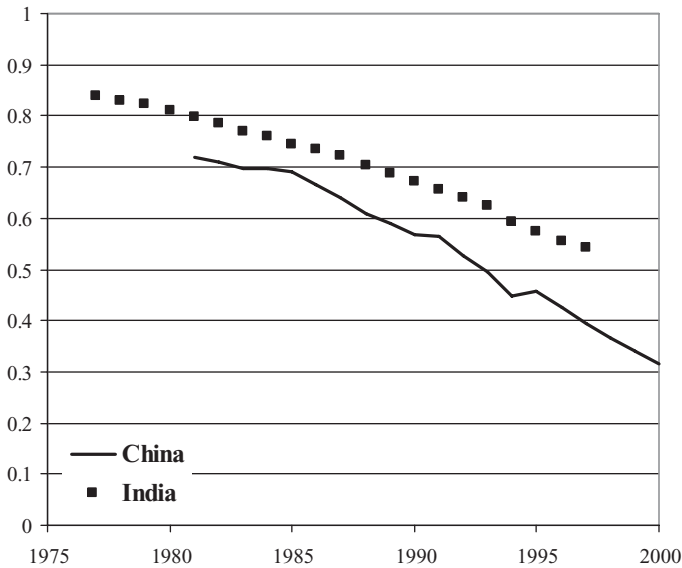


FIGURE 1.3. Likelihood of Authoritarianism: China vs. India. *Source:* The lines represent the fitted odds of autocracy of each country based on the simultaneous system presented in Appendix 1A.2 (revenue model). Decentralization measures for India are missing after 1998.

The results are more intuitive if we see them in comparison to other countries in the sample that can provide a reasonable baseline. Figure 1.3 contrasts China with an established federal democracy, India. Clearly, the combination of growth and decentralization seems inimical to China's political structure. On the basis of this rather naïve economic model that ignores political institutions, we would not expect authoritarianism to survive in China, given its current high levels of decentralization. Furthermore, in contrast to the view that China's recent fiscal reforms have arrested this slide, there is no evidence that the downward trend line has been affected. Even more remarkably, China's forecasted odds of autocracy are even lower than in India! Of course, this simple model fails to capture the political variables that I detail in this book, namely, the political institutions of the ruling party that mitigate the corrosive political impact of economic decentralization. The leaders of the CCP want to achieve growth, but they also want to stay in power, and are therefore keen on developing mechanisms that will presumably allow them to

perpetuate their rule. Decentralization is desirable, but it must also be controlled.

#### CONTROLLING DECENTRALIZATION IN CHINA

As is true of many other autocracies, the Chinese regime has not been immune from political challenges stemming from various bouts of decentralization. During the Maoist era, the two major efforts to instill a degree of decentralization at the local level (the Great Leap Forward and the Cultural Revolution) led to calamitous breakdowns of administrative hierarchies that gravely undermined Party legitimacy and were later repudiated. Post-1978 China is distinctive, not only because of its departure from the socialist economic model but also because of the support among central leaders for *further* decentralization, albeit of a different kind. During periods of Maoist decentralization, the regime sought to maintain political cohesion in the localities by relying heavily on ideological exhortations (Schurmann, [1966] 1968). In contrast, Deng Xiaoping and his successors advocated decentralization of the decision-making process, but expected to do so by strengthening and institutionalizing mechanisms of administrative and organizational controls that had proved sorely deficient under Mao (Deng, 1983 [1985 trans.]: 324). What is puzzling about this strategy is that it seems to have succeeded despite the odds.

#### Decentralization and the Erosion of the Capacity of the Central State

Several accounts of the early face of reforms (1978–1993) point at the steep decline of the extractive capability of the central government in favor of the provinces, and conclude that the devolution of economic power to the locales weakened the capacity of the central government (Oksenberg and Tong, 1991; Jia, and Lin, 1994; Wong, 1995, 1997; Hu et al., 1995). Their theoretical foundations draw mainly from the rich literature on the *fiscal* capabilities of the state (Levi, 1988), and the key evidence to sustain their conclusions is based upon the observation that changing fiscal arrangements between local governments (usually provinces) and the central government in Beijing have favored the locales in exchange for the support of the central leader's political agenda (Shirk, 1993).

Post-Mao Chinese fiscal decentralization frequently entailed a degree of fiscal deconcentration, however, leaving higher authorities with some leverage over their subordinates: Locally managed enterprises remitted a portion of their revenue to county-level bureaus, but these were excluded from the local budget and transferred vertically to the relevant institutions, and only later partially reallocated downward through a distinct allocation process (Blecher and Shue, 1996). In the same vein, Dali Yang (1994) cautions that the rise of extra-budgetary revenues of provincial governments does not necessarily imply local discretionary access to these funds. Although these funds can be used more flexibly than in-budget revenues, the locales must often earmark them for specific purposes (Wedeman, 1999). Mark Blecher and Vivienne Shue (1996) concur, in their study of Shulu County. Thus, in the area of fiscal decentralization, the locus of power may be distinct from the level of government where revenue is collected. Principals, agents, their resources, and the level at which the analysis applies must be clearly specified.

These caveats suggest that the degree of fiscal centralization alone is not a good measure of the political capacity of the central government. Fiscal decline in a transition from plan to market is expected, making it difficult to disentangle the extent of the decline that is the intended outcome of decentralization from the proportion of observed decline that occurred despite the efforts of the center. It is only natural that an economy moving rapidly toward a system of market allocation of resources requires lower levels of government budgetary revenue, particularly if the central government is not the primary supplier of social services. In this regard, while China has one of lowest proportions of central fiscal revenue in the world (World Bank, 1990), it is not easily comparable with developing economies where levels of central social expenditures per capita exceed the PRC's, and where such funds transit through central rather than local coffers. It is therefore difficult to argue logically that a decline in the fiscal capabilities of the Chinese state is a strong indicator of a decline in its overall capabilities.

Furthermore, a fiscally modest center can still mobilize political resources in order to entice lower-level governments to achieve its goals, without incurring the high costs of monitoring and policy implementation. Jae Ho Chung's (1995) review of decentralization cautions that the prevailing focus on fiscal reforms obfuscates the broader issue of the evolution of state power under reforms. As weak as it has

become fiscally, the Chinese central state has maintained a degree of legitimacy and rule-making capacity that allows it to shape local outcomes in spite of the ongoing process of decentralization (Solinger, 1996).

### **The Fiscal Reforms of 1993–1994**

After a decade of fiscal decentralization, the central government was alarmed by the erosion of its fiscal prerogatives vis-à-vis the localities (S. Wang, 1997). Beijing's abnormal dependence on local governments to collect revenues that were then transferred upward was a source of considerable leakage, resulting in shrinking central revenue and increased budget deficits. Yang views this shift as a major challenge to Shirk's thesis that Chinese economic decentralization is deeply embedded in the political calculations of the central leadership. Faced with a looming fiscal crisis, Beijing – so the story goes – chose to override local interests (and the patronage systems that were associated with them) and imposed a partial recentralization of revenue collection (D. Yang, 1996: 430–431).

Some recentralization did indeed occur, if we narrowly define recentralization as the net increase in the share of central revenues relative to the shares of subnational units. The 1993 reforms allowed the central government to reclaim some of the lost ground in revenue collection. Today, while localities allocate 70% of expenditures, they collect only 51% of revenues, 60.2% if we take extra-budgetary inlays into account (National Bureau of Statistics [China], 2004). One might argue that the “vertical imbalance” strengthens Beijing's hand by forcing local governments to bargain with the center for transfers. However, the transfer system is rather disorganized and inflexible, leaving the center far less autonomous spending capacity than its higher (raw) shares of fiscal revenue imply: “The central government is thus left with only limited untied resources. Adjusting for the returned revenue, the vertical imbalance between the central and local governments appears therefore significantly smaller, hampering the ability of the central government to carry out its stabilization and redistribution roles” (Ahmad, Singh, and Fortuna, 2004: 6).

The 1993 reforms have also had the pernicious effect of inducing further decentralization of expenditures. Since the reforms only

affected revenue collection, without proper offsets local governments were forced to devise ever more creative strategies in order to meet their ordinary expenditure requirements. The explosion of extra-budgetary (*yusuan wai*) revenues – including the collection of illicit fees – was used to bridge the gap, leading to an increased effective tax burden on the peasantry, as well as to social and political unrest in the countryside (Bernstein and Lü, 2003).

Regardless of the economic and fiscal merits, the 1993/94 reforms demonstrated that the central government is capable of challenging deep-seated local interests. Both the center's ability to reach down to the county level in order to collect revenue (almost) at the source and the creation of a clearer institutional separation between central and local tax bureaus provide evidence of the substantial political capacity, but say little about the cause of this capacity. At the same time, the political logic that Susan Shirk highlighted has not disappeared: The central leadership still needs to reap the benefits of economic decentralization, and must in return devise institutional mechanisms that reinforce the loyalty of local officials who, at the end of the day, still allocate nearly 70% of China's public expenditures. Without proper institutional controls, China's decentralized governance threatens to weaken the political authority of the center.

#### MAINTAINING POLITICAL CONTROL DURING DECENTRALIZATION

Thus, despite the political risks of economic decentralization, the Chinese Party-state presents us with the case of an enduring authoritarian regime that has thrived rather than decayed in the era of decentralization. As Susan Whiting puts it, "the relative stability of CCP rule, in contrast to the loss of power by communist parties in other former socialist states and contrary to the claim of pervasive political decay in China, demands explanation" (2004: 101).

The purpose of this book is to explain how this political control has been maintained, down to levels of local governance where the formal political authority of the center is only indirect. It is not enough to argue that because the Chinese Party-state is authoritarian, the central government can impose any decision it desires. In many policy domains, policy implementation can be selective (O'Brien and Li,

1999), including fiscal policy,<sup>10</sup> and unlike most authoritarian systems, China's degree of decentralization is very high. Furthermore, authoritarian regimes can and do design a range of institutional arrangements that affect their durability (Gandhi, 2002; Gandhi and Przeworski, 2002). In China's case, the key to understanding this durability lies, in my view, within the internal institutions of the Communist Party, specifically its organization and personnel system.

As in most Leninist systems, the Chinese leaders have always attached considerable importance to the organizational capacity of the ruling party, especially its monopoly over the appointment of officials at all levels of the country's vast bureaucracy (Harding, 1981). The CCP controls the selection and promotion of 10.5 million officials posted in 307,000 work-units, among whom 508,000 are high-ranking cadres "above the county level."<sup>11</sup> In order to do so, the Party relies on over half a million employees, scattered in more than 26,800 organizations. This easily makes the CCP the largest political machine in the world.

I focus on Party control over the appointment and promotion of officials, or cadres – or *ganbu* as they are known in China<sup>12</sup> – because the cadre management system lies at the core of the political system: It not only embodies the long-standing claim of China's post-reform leadership that exclusive Party control over the bureaucracy must be maintained, but it is also a key institutional channel through which the

<sup>10</sup> This is even true in matter of intergovernmental fiscal relations. In response to the explosion of local fees in the 1990s, the center's efforts to pressure localities to shift to a "tax for fee system" have met considerable resistance (Yep, 2004). Local governments oppose the "tax for fee" reforms (*fei gai shui*) because tax revenues that are supposed to replace fees only cover a fraction of expenditures that are unaffected by the reforms. Further cancellations of agricultural taxes have also handicapped local governments in rural areas. Local governments are now struggling to cover the basic wage bills of their employees. At current levels of staffing, each official is supported by thirty-five taxpayers on average, down to only twenty in several western provinces ("Tax Waiver Not a Cure-all," *China Daily*, March 22, 2004).

<sup>11</sup> National Bureau of Statistics, *China Labor Statistical Yearbook*, 2003. (2002 Statistics on Labor and Wages by Region and Sector of Activity). Downloaded from [www.chinainfobank.com](http://www.chinainfobank.com). Unless otherwise specified, all translations from Chinese to English in this book were made by the author.

<sup>12</sup> This French term, later adopted in Russian, refers to individuals in managerial positions, both in the public and in the private sector. In communist regimes, cadres came to symbolize the nexus among managers of the socialized economy, government bureaucrats, and officials posted in agencies of ruling Communist Parties. In this study, the term *cadre* refers to Party and government officials, not enterprise managers (unless specified otherwise).

Party exercises routine political authority. As Lynn White puts it, “the selection of leaders – national, intermediary, and local – is perhaps the most obvious political function” (1998: 484). At the same time, while consistently claiming that its monopoly over the allocation of political power must not be challenged, the CCP embarked on a series of reforms, not only of the structure of local government but also of the cadre appointment system itself.<sup>13</sup> This strategy presents significant political challenges at the implementation phase: Broad principles expressed in the official discourse and formal regulations on cadre policy only reflect the *expectations* of the center. The reality on the ground is more complex: At the local level, one would not necessarily expect decentralization to occur without some significant loss of central political control of the processes and criteria for the appointment of officials.

This research is not designed to test the robustness of the CCP in every conceivable respect, nor do I imply that Beijing seeks to control the actual appointment decisions made in China’s thousands of localities directly. Instead, I conceptualize political control as the design of rules and institutions that effectively constrain the choices of local decision makers. Since a major political function of local Party institutions is to select and promote local leaders, a detailed study of cadre policy and its implementation constitutes an important empirical test of Beijing’s ability to set policy principles and have them implemented at the local levels of China’s multilayered bureaucracy. The ultimate test of political control is not whether specific personnel decisions are explicitly cleared by the Central Department of Organization, but whether local decisions conform to the broad requirements set by China’s central leadership.

The critical linkage between the cadre management system and the exercise of political control over elites is not only related to the size of the cadre corps (which encompasses employees of the Communist Party, government agencies, state enterprises, mass organizations and the military); it is also the product of the Party’s web of “veto points” throughout the bureaucratic hierarchy. Party approval is required for access to the offices at the central, provincial, municipal, county, and township levels. No cadre can be appointed, promoted, or removed without the assent of a specific CCP committee or organization.

<sup>13</sup> I discuss the details of these reforms in Chapter 2.



A measure of the effectiveness of the cadre system lies in the capacity of central Party organizations to ensure that the substantive decisions of local Party agencies are consistent with Beijing's broad policy principles. Yet CCP monopoly does not necessarily imply that in practice, the local Party organizations that oversee personnel policy always follow the center's line. Agency problems between leaders and subordinates plague most organizations, including the Chinese bureaucracy, but the Party's monopoly of appointments and removals is a key weapon for maintaining organizational discipline and for structuring principal-agent relationships between local Party institutions and the officials that they seek to manage in a manner that enhances the cohesion of the political system. Without its monopoly on cadre appointments, the CCP's effective control over the composition of local hierarchies would be far more difficult to achieve.

### **The Role of Party Institutions during Economic Reform: The CPSU Compared with the CCP**

The literature on comparative (post)-communism has been built largely on the theoretical premise that Leninist systems are inherently unreformable (Brzezinski, 1989; Kornai, 1986, 1992; Jowitt, 1992). There is no question that the eventual collapse of many communist regimes suggests that leaders may postpone, but not prevent, eventual regime change. However, a single-minded focus on regime failure does not explain why some Leninist systems endure. Furthermore, even among the cases of failures, such as the Communist Party of the Soviet Union (CPSU), it is not immediately obvious which aspect of the system was most conducive to the downfall of the Soviet regime.

The history of Soviet personnel policy is a case in point. From Stalin onward, each core Soviet leader developed drastically different approaches to political control and the management of the relationship between Moscow and the localities.<sup>14</sup> After the decades of Stalinist rule, which combined a high degree of political centralization and the

<sup>14</sup> In this short discussion, I treat the Brezhnevian system as the entire period from 1964 to 1985. Yuri Andropov and Constantin Chernenko followed Brezhnev's policies and died too soon into their terms of general secretary to leave a personal mark on the issue of cadre policy and center-local relations.

use of terror among Party cadres, Soviet personnel policy changed dramatically and in ways that ultimately undermined supporters of reforms. In February 1957, the Soviets launched a vast program of economic and administrative decentralization. They created more than a hundred economic regions (or *sovnarkhoz*) and granted meaningful policy authority to local soviets. The latter were expected to coordinate economic management with the *sovnarkhoz* (Cattell, 1964). Along with these economic reforms, Nikita Khrushchev devised an aggressive policy of cadre renewal in the localities, in the name of increasing efficiency and fighting corruption. Resistance within the CPSU was considerable. Confusion over the chaotic implementation of economic decentralization and increased elite circulation weakened support for Khrushchev. In June 1957, he was almost dismissed by the Politburo, but survived thanks to a subsequent vote by the Central Committee. In October 1964, he failed to secure a majority on the Central Committee itself and was forced to resign (Mawdsley and White, 2000: 155–161).

Khrushchev's successors adopted a very different strategy of political control over regional elites, without returning to Stalinist mass purges. Leonid Brezhnev and his allies chose to strike an implicit bargain with the Party elite: In exchange for their political loyalty to the central leadership, local officials enjoyed longer and far more predictable careers than had been the case under Stalin or Khrushchev. With this famous policy of "stability of cadres," the central leadership secured an overwhelming majority in core central institutions of the CPSU, which preempted any surprise removal by the Politburo or the Central Committee.<sup>15</sup>

This approach to political control was possible because the relationship between local officials and their principals at the center was not based on an economic calculus. It mattered very little whether local officials delivered sound economic performance or not, since Soviet economic institutions were organized hierarchically along ministerial lines and did not, as Khrushchev had hoped, entail meaningful participation of republican and local governments in the planning process.

<sup>15</sup> On local personnel management in the Brezhnev era, see Bunce (1981, 1983), Rigby (1970, 1978), Gill (1985), Moses (1980a, 1980b), Roeder (1991) and Willerton (1987).

Even during the era of “decentralization” from 1957 to 1964, the economic regions behaved like agents of the General Planning Commission (GOSPLAN) and undermined the theoretical authority of local governments. In the following two decades, the center’s “reform” efforts would focus on the all-important central economic bureaucracies, and leave local officials in place out of political expediency (Y. Huang, 1996a; Solnick, 1996).

The catastrophic economic consequences of this strategy need not be detailed here. Brezhnevian reforms and their counterparts in several Eastern European countries did not fail because of the political opposition of local cadres, but because the incremental reforms of the planning and pricing mechanisms faced opposition within central economic institutions (Åslund, [1989] 1991; Hewett and Winston, 1991; Kornai, 1992; Wasilewski, 1990). Predictably, economic performance did not improve. The shortcomings of soft-budget constraints, overinvestment, and irrational pricing worsened to the point of eventually overcoming the Soviet economy.

Faced with long-term decline, Mikhail Gorbachev attempted to increase system legitimacy by weakening unresponsive institutions ahead of serious economic reform (Åslund, [1989] 1991, 1995; Solnick, 1996; Bunce, 1999). Personnel policy played a major role in this endeavor, and was marked by a return to the policy activism seen under Khrushchev. Within three years of his election as general secretary, “two thirds of full-time officials at regional, territorial and republican level and 70 per cent of those at district and city level had been replaced” (Mawdsley and White, 2000: 196–197). By the Party Congress of 1990, turnover among central committee members – many of whom were regional leaders – exceeded that of the Stalinist purges from 1934 to 1939 (*ibid.*: 197). In the end, Gorbachev’s reforms, which combined rapid elite turnover, limited marketization, and some degree of economic decentralization, proved more catastrophic for the ruling party. They led to a continuous erosion of state power, and ultimately an insurmountable challenge by enfranchised peripheral republics (Hough, 1997). Soviet reforms led to the destruction of the system they were supposed to salvage in the very first instance.<sup>16</sup>

<sup>16</sup> On the USSR, see Piekalkiewicz and Hamilton (1991) and Åslund ([1989] 1991, 1995); on Yugoslavia, see Burg (1986); Clark (1980); on Poland, see Piekalkiewicz (1980).

This brief outline of the evolution of personnel policy in the USSR suggests that there is no single model of Soviet *nomenklatura* control. Leninist parties and some of their authoritarian counterparts may have a monopoly over personnel appointment, but they exercise this authority in substantively different ways. Each Soviet leader implemented a distinct political strategy that structured central–local relations in specific ways. Furthermore, some strategies proved decidedly more risky than others, and both Khrushchev and Gorbachev paid a high price for assuming (wrongly) that decentralization combined with the appointment of new cohorts of local leaders would breed loyalty, to them personally and to their reform agenda.

### The Institutional Position of the CCP

In contrast to the Soviet regime, post-Mao China has remained a powerful state, with the capacity to steer reform further and longer than other communist regimes, including decentralization policies. If political decay is occurring, it seems to be discrete, circumscribed, and not sufficient to trigger systemic regime change. The unusual institutional robustness of the CCP – across China’s economically diverse set of localities as well as in comparison to other authoritarian regimes – must be explained.

**A Weakening CCP?** Scholars who focus on Party organization in post-Mao China tend to conclude that the Chinese Communist Party has been weakened by the reform process (Ch’i, 1991; Dickson, 2000; Pei, 1994). Ideologically and institutionally, the CCP was ill equipped to cope with intra-elite competition in a fashion that would not undermine the fundamental purpose of post-Mao reform. Traditionally, intra-Party rifts were labeled as factional and were severely repressed (M. Wang, 1981; Teiwes, 1984). Until the reform era, the Party never developed mechanisms for the legitimate articulation of local interests and noncoercive conflict resolution. In a more pluralistic and competitive environment, new types of interests emerged and leaders voiced local concerns and lobbied to further local interests, seriously complicating the CCP’s cadre policy (Burns, 1989b; Y. Huang, 1990; Li Fan, 1987). Local competition is a desirable attribute of market-preserving institutions, but at the same time, it breeds political competition by creating local power bases that undermine political cohesion.

The view that the CCP has reformed the economy successfully by postponing political reform is also reinforced by the contention that it lacks the capacity to adapt to challenging political environments (Dickson, 1997), a conclusion that is largely consistent with the scholarship on other communist regimes (Bunce, 1999; Hough, 1997). Conclusions of a weakened Party are usually based on evidence that relates to the political process at the center. They point to the high degree of informality governing intra-elite relations and the relative dearth of institutional mechanisms to formulate policies or resolve intra-elite conflict, and find that the Chinese political system remains largely driven by personalities, policy entrepreneurs, and personal connections (C. Li, 2001). Indeed, this lack of institutionalization is often seen as a threat to the CCP's hold on power in the long run, particularly when it is combined with the absence of a charismatic figure at the center and the lack of ideological commitment within the Party (Lieberthal, 1995: 184).

Party cohesion is also undermined by the rise of corruption among its cadres, including at the local level. Economic reforms and decentralization provide ample opportunities for unscrupulous officials to indulge in various forms of corruption (Baum, 1994; Kwong, 1997; Oi, 1991). The level of corruption depends crucially on institutional design (Lu, 2000), as well as the enforcement strategies at the center (Wedeman, 2005).

***A Stronger CCP?*** A major problem in assessing the role of the CCP in post-Mao China lies with the level of analysis and the specific issue areas that one chooses in order to assess Party "strength," "immobilism," or "decay." Beyond Beijing, evaluations of the position of the Party as a relevant entity within the broader "local state" contradict one another. Corruption is even a marker of institutional strength. Melanie Manion (2004) has shown how the Party has carved itself a "first mover's advantage" in the process of investigating corruption ahead of the judiciary, which has the effect of asserting the CCP's predominance and shielding its own cadres. The form of "corruption by design" suggests that far from being the consequence of its weakness, the rise of corruption during the reform era is rooted in the institutional dominance of the CCP and its unwillingness to commit credibly to external control by the judiciary.

There are also more positive signs of the CCP's resilience, as suggested by the broader trend of successful (re)institutionalization (Naughton and Yang, 2004). In his contrast of the course of reforms in the Soviet Union and China, Steven Solnick (1996) proposed that the success of China's evolutionary decentralization can be explained by its ability to leave "fundamental authority linkages intact." Victor Nee and Peng Lian (1994) couch their explanation in terms of monitoring costs, arguing that the sheer speed of Soviet reforms under Gorbachev fatally undermined the monitoring capacity of the CPSU, while in contrast, China's gradual approach to reform maintained the integrity of the CCP's informational channels (Y. Huang, 1995). Both arguments are plausible and mutually reinforcing (Solnick, 1996: n. 2), but neither one can explain convincingly how (and why) these authority linkages have evolved toward *greater* decentralization in the Chinese case, and how Party organizations have coped with this devolution of organizational power in the context of profound heterogeneity and increasingly uneven distribution of resources among China's localities.

In fact, the Party has gone beyond merely maintaining authority linkages. It has instead altered the institutional status quo in order to assert its authority. The Party has instilled norms of retirement among cadres by carefully crafting and adjusting incentive mechanisms to achieve a key policy objective laid out in Beijing (Manion, 1993). Shen Mingming (Shen, 1994) shows that other objectives of elite transformation have been put in place and that local officials comply (in part) because of a strong ethos among cadres. Yasheng Huang (1996a) squarely ascribes the center's sustained capacity to control provinces to the enhanced monitoring capabilities of Party and government organizations over the localities in their jurisdiction, as well as the explicit linkage between compliance with central directives and the careers of provincial officials.

The position of the Party must also be assessed in the light of the uneven distributional impact of economic reforms across localities. As reform deepened, the macroeconomic overall success of decentralization could not mask the emerging economic disparities across localities. To some extent, some regional variations are to be expected under decentralization, as they reflect in part on the good (and bad) choices of autonomous local actors. Regional disparities are also the product of institutional discrimination, such as the early introduction of

special economic zones (SEZs) that limited access to reform to well-circumscribed areas of Guangdong and Fujian provinces (Crane, 1990; Kleinberg, 1990) or to the formation of cities listed separately under the plan (Wong, 1997). Given the mounting evidence of increasing disparities<sup>17</sup> with diverse (if not divergent) interests among local cadres, the relationship between the heterogeneity induced by economic decentralization and sustained Party control over local cadre appointments requires explicit treatment.

Thus, two competing views inform the debate on the position of the Party under reform: One perspective points at the structural weakness of the CCP because of its ideological irrelevance, its limited adaptability to changing social conditions, and the adverse effect of decentralization on Party discipline at the local level. On the other hand, the Party's successful efforts to instill new norms of behavior among cadres, enhance its monitoring capabilities, and orchestrate social and economic change contradicts the view that the CCP is an institution in decline. Scholars who argue that reforms have weakened the CCP have based their findings on the lack of local discipline in implementing economic policies, and regard the Party as an *independent* variable. Amidst the body of work that explicitly takes Party institutions into account, Huang (1996b) has shown how the center uses the appointment system to enhance the policy responsiveness of the provinces, *regardless* of their economic capabilities. My research departs from this approach in a crucial way: Here, I treat Party institutions of personnel control as the *dependent* variable. If the proposition that disparities in local (economic) capabilities are eroding party discipline is correct, we would expect to observe their uneven impact on issue areas of high political salience, such as the personnel system. On the other hand, if Huang's findings are generalizable below the provinces, we would expect little or no significant differences in the management of personnel matters across diverse local Party organizations.

My argument is simple, though frequently overlooked in the literature on Chinese reforms: Economic decentralization took place *in*

<sup>17</sup> Such conclusions are most common among PRC scholars. See in particular Hu et al. (1995) and Chang (1992). Solinger (1996) provides a rare treatment of the problem of reform losers in the English-language literature.

*conjunction* with institutional and political reforms. Political reform, however, does not imply democratization or radical regime transformation, but entails devising institutional mechanisms that minimize the odds that the Party will lose control over local elites. Chinese leaders do not seek to abolish the People's Republic. Instead, they must balance the need to ensure economic efficiency through a decentralized "socialist market economy" with the goal of political efficiency as *they* see it, namely, the preservation of Party rule, including the all-important monopoly over cadre affairs.

To sum up, personnel policy acts as a crucial intermediary variable between the staggering variation of reform outcomes among Chinese localities and a seemingly unlikely political outcome despite economic and administrative decentralization: regime stability. My study builds upon an existing body of literature that links economic success to regime stability, but rejects economic determinism. I offer an alternative explanation of stability, focused on continuing control over the cadre appointment process, when economic success is uneven. My approach is dynamic in the sense that it explains how a risk-averse political organization such as the CCP can initiate and sustain gradual institutional change in order to minimize the political risk of further economic reforms.

## ORGANIZATION OF THE BOOK

**Chapter 2** presents the formal structure of power of China's personnel management system. I analyze China's decentralization strategy from the perspective of interlocal relations. I argue that initial institutional choices were the product of the center's effort to manipulate interlocal relations in order to maximize Beijing's political objectives despite economic decentralization. The center redefined many institutions of local control in the hope that decentralization could be controlled politically while proceeding in a direction and at a pace consistent with the goals of a risk-averse leadership. The analysis proceeds in two steps. In the first part, I analyze the measures taken since 1982 to reform local personnel policy. I detail the informational and political constraints on decision makers in order to understand the dynamics of central-local and interlocal relations under the current "one level



down” system of cadre management. The second section analyzes how the center has mitigated effectively the potential undesirable political consequences of the deconcentration of the personnel system through a series of institutional reforms of interlocal relations.

The remainder of the book analyzes political control at selected levels of local government: cities, counties, and villages. **Chapter 3** analyzes the career patterns of the mayors of China’s 300-odd “prefecture-level municipalities.” With few exceptions, these officials belong to the highest-ranking stratum of local cadres who are not directly managed by the center, but depend instead on the decision of Party committees at the provincial level. The analysis of their career paths indicates that the dual processes of economic decentralization and the decentralization of the personnel management system have not led to a decline of the CCP’s capacity to enforce key organization norms among high-ranking cadres. The strict enforcement of cadre retirement regulations has the effect of shortening the tenure of mayors, which facilitates the promotion of a greater share of secondary officials than was possible before the reforms of the personnel system, but weakens the link between good governance and political rewards.

**Chapter 4** relies on the Jiangsu Elite Study (JES) data set to test whether local cadres perceive the appointment system in a fashion that is consistent with the center’s broad principles. I show that cadres by and large agree on the key institutional features of the appointment system. This body of common knowledge not only ensures that all agents play the same appointment game but is also normatively consistent with the policy objectives of cadre reform. This cohesion speaks to the capacity of the Party to instill and maintain formal norms among local cadres. It appears that the CCP’s local organizations operate in a fashion that is consistent with the rules defined at the center and remain a robust system despite the institutional, attitudinal, and socioeconomic cleavages among county cadres.

**Chapter 5** takes the analysis one step beyond perceptions of the personnel system by examining the correlates of the *actual* bureaucratic careers of JES officials. I explicitly test the proposition that the broad objectives of personnel reform are being met despite the risks inherent in decentralizing complex bureaucratic hierarchies. I test competing economic, political, and institutional hypotheses regarding the

correlates of cadre promotion, with special emphasis on the relationship between cadres' experience in specific institutions of the local Party-state and the likelihood of promotions under the current decentralized appointment system. The empirical results indicate that, indeed, the career profiles of JES officials are consistent with the hypothesis that cadre policy has been implemented as its central-level designers expected when they introduced institutional changes in 1983. While the CCP devised decentralized institutions that reduce exorbitantly high costs of monitoring local officials, it has concurrently rejuvenated the cadre corps and systematically promoted educated officials without compromising its hold on political power.

**Chapter 6** analyzes personnel control at the lowest level of China's local government, the village. Using publicly available cross-section time-series data of village leadership and socioeconomic performance in Gaoyou, a county-level city of Northern Jiangsu, I explore the interface between local Party branches and village committee chairmen (VCCs) who – unlike the JES respondents – do not belong to the “state” bureaucracy, but are instead directly elected by village residents. Since village-level data over time are now available, we can begin to assess the extent to which incumbent VCCs are being co-opted as Party branch secretaries (PBS), as well as the impact of increasingly open and competitive elections on the Communist Party's propensity to maintain this promotion mechanism for village chairmen. I test the hypothesis that the CCP is adapting to the limited uncertainty of village elections by limiting the promotion of village chairmen as branch secretaries. I do so by contrasting two time periods: the era of highly restrictive elections governed by the 1987 draft Organic Law on village elections, and the contemporary period in which candidate nominations are more open, resulting in more candidates than contested seats.

In **Chapter 7**, I summarize the key results, and discuss their implications – and limitations – for our understanding of the future of the Chinese political system. For better or worse, the Chinese Communist Party is demonstrating that decentralization need not lead to systemic political transformation. Instead, the carefully controlled process of economic and administrative decentralization actually has strengthened the regime and reduced the incentives within the Chinese leadership to depart from the political status quo.

# APPENDIX 1A.1: THE POLITICAL ORIGINS OF DECENTRALIZATION

## Measures of Decentralization

Good cross-national indicators of decentralization remain a rarity. The most complete data available so far were developed by the World Bank based on the Government Finance Statistics of the International Monetary Fund (IMF). Decentralization is captured by two distinct variables: the subnational share of revenue and the subnational share expenditures (measured as percentage). They are defined as:<sup>18</sup>

- **Subnational expenditures (% of total expenditures)**

$$\frac{C.II[Loc] C.3.2[Loc] - C.7.I.I[Loc] + C.II[Pro] C.3.2[Pro] C.7.I.I[Pro]}{C.II[Cen] - C.3.2[Cen] - C.7.I.I[Cen] + C.II[Loc] C.3.2[Loc] - C.7.I.I[Loc] + C.II[Pro] - C.3.2[Pro] - C.7.I.I[Pro]}$$

- **Subnational revenues (% of total revenues)**

$$\frac{A.II[Loc] + A.II[Pro]}{A.II[Loc] + A.II[Pro] + A.II[Cen]}$$

Where the parameters are:

|         |                                                          |
|---------|----------------------------------------------------------|
| A.II    | Total revenue                                            |
| B.I     | Total expenditures (= C.II)                              |
| C.II    | Total expenditures (= B.I)                               |
| C.3.2   | Current transfers to other levels of national government |
| C.7.I.I | Capital transfers to other levels of national government |

The bracketed subscripts indicate the level of government:

|      |                                |
|------|--------------------------------|
| Cen: | Central Government             |
| Pro: | State or Provincial Government |
| Loc: | Local Government               |

<sup>18</sup> These definitions are listed in on the decentralization indicators Web site at <http://www1.worldbank.org/publicsector/decentralization/fiscalindicators.htm#Formulas>.

### Selection Effect

The IMF data set contains at large proportion of missing data. Its coverage begins in 1972 and contains 1,410 data points, or 28.8% of all known regime-years from 1972 to 2000. The quality of the data is generally good for democracies and poor for autocracies, but tends to improve overall during the 1990s. Simply put, the more democratic, the more federal, and the more economically developed a country is, the more likely it is to report its information on local finance, and thus be observed in the IMF government finance statistics.

There is also a possibility that the data are falsely coding decentralization measures as missing, when the case should instead be one of complete centralization because local governments either do not exist at all or have no fiscal autonomy, as is likely among several small unitary authoritarian regimes. For this reason, the result that authoritarian regimes are reluctant to decentralize probably understates the case, and is thus biased against my findings. Table 1A.1.1 summarizes the observability of the data (in this case, the subnational share of total expenditures), by regimes and over time.

Since the data are incomplete, the regression results take into account the likelihood that the dependent variable is observed when we assess the impact of the independent variables on the degree of decentralization. I use the well-known regression estimator with sample selection developed by Heckman (1978). In addition to the factors just discussed, the selection equation accounts for two factors that are likely to reduce the probability of observing the data: If the country is a party to a large interstate war, statistical data tend not to be reported. The missing data are likely to bias estimates, because the military demands placed on combating states often result in greater centralization of government finance. The selection equation also accounts for the duration of membership of a country in the IMF. Since measures of fiscal decentralization are derived from the government finance indicators (GFI), I hypothesize that countries with long-standing membership in the organization are more likely to report their local government data than recent members, particularly since the IMF has favored pro-decentralization policies in recent years (IMF Fiscal Affairs Department, 2000). Finally, given the cross-section time-series nature of the

TABLE 1A.1.1. *Observability of Decentralization Indicators, by Regime (1972–2002)*

| Year | Autocracies |            | Democracies |            |
|------|-------------|------------|-------------|------------|
|      | Total       | % Observed | Total       | % Observed |
| 1972 | 102         | 18.6       | 39          | 48.7       |
| 1973 | 103         | 24.3       | 39          | 64.1       |
| 1974 | 103         | 26.2       | 41          | 65.9       |
| 1975 | 108         | 26.9       | 43          | 67.4       |
| 1976 | 111         | 26.1       | 42          | 69.0       |
| 1977 | 113         | 28.3       | 41          | 78.0       |
| 1978 | 113         | 29.2       | 43          | 76.7       |
| 1979 | 109         | 25.7       | 50          | 56.0       |
| 1980 | 110         | 22.7       | 50          | 50.0       |
| 1981 | 111         | 22.5       | 51          | 49.0       |
| 1982 | 110         | 23.6       | 52          | 50.0       |
| 1983 | 107         | 20.6       | 56          | 39.3       |
| 1984 | 105         | 21.9       | 59          | 39.0       |
| 1985 | 105         | 20.0       | 59          | 35.6       |
| 1986 | 102         | 20.6       | 62          | 33.9       |
| 1987 | 102         | 19.6       | 62          | 32.3       |
| 1988 | 99          | 20.2       | 65          | 30.8       |
| 1989 | 97          | 17.5       | 67          | 25.4       |
| 1990 | 91          | 14.3       | 73          | 17.8       |
| 1991 | 95          | 12.6       | 90          | 13.3       |
| 1992 | 89          | 12.4       | 97          | 11.3       |
| 1993 | 84          | 13.1       | 105         | 10.5       |
| 1994 | 81          | 12.3       | 109         | 9.2        |
| 1995 | 82          | 12.2       | 108         | 9.3        |
| 1996 | 81          | 9.9        | 109         | 7.3        |
| 1997 | 83          | 9.6        | 107         | 7.5        |
| 1998 | 81          | 8.6        | 109         | 6.4        |
| 1999 | 80          | 6.3        | 110         | 4.5        |
| 2000 | 76          | 1.3        | 114         | 0.9        |
| 2001 | 75          | 1.3        | 115         | 0.9        |
| 2002 | 76          | 1.3        | 114         | 0.9        |

Source: Cheibub and Gandhi (2004) and author's database.

data, standard errors are adjusted in order to account for the clustering of the data by country.

Given the severity of the selectivity, the Heckman procedure should clearly be used, but some caution is warranted. We cannot be absolutely certain that these findings would hold were we able to observe

the entire population because the process of observing the data that are hypothesized can never be fully specified. However, the specification of the selection mechanism seems very robust: most predictors have strong and statistically significant impacts, whether or not one looks at the revenue of the expenditure side.

### Economic Performance

As a measure of economic performance, I use the Gross Domestic Product per capita at constant 1995 prices based on the purchasing power parity method. The World Bank defines the variable [GDP, PPP (constant 1995 international \$)] as the “gross domestic product converted to international dollars using purchasing power parity rates.” An international dollar has the same purchasing power over the GDP as the U.S. dollar has in the United States. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in constant 1995 international dollars (World Bank, 2005).

### Measuring Regimes

Measures of political regimes are based on the updated data set of democratic and authoritarian regimes around the world.<sup>19</sup> While there has been considerable debate among political scientists about how best to measure changes among political regimes over time, the efforts of Adam Przeworski et al. (2000) and Cheibub and Ghandi (2004) provide the clearest measures of authoritarianism and democracy on a global scale. Once we accept the Schumpeterian definitions of democracy of the authors of *Democracy and Development*, the coding of the data – though labor intensive – is relatively straightforward. The result is a virtually complete data set of political regimes around the world, including microstates.

<sup>19</sup> For the details regarding these coding rules, see Przeworski et al. (2000). I am grateful to my colleague José A. Cheibub for graciously sharing his updated data set.

TABLE 1A.1.2. *Political and Economic Origins of Decentralization*

| Heckman Selection<br>Model (Regression Model<br>(with Sample Selection)) | Dependent Variable:<br>Subnational Share (%) of |             |                   |             |
|--------------------------------------------------------------------------|-------------------------------------------------|-------------|-------------------|-------------|
|                                                                          | Revenue Model                                   |             | Expenditure Model |             |
| Number of observations                                                   | 3804                                            |             | 3805              |             |
| Censored observations                                                    | 2584                                            |             | 2629              |             |
| Uncensored observations                                                  | 1220                                            |             | 1176              |             |
| Log likelihood                                                           | -6554                                           |             | 6509              |             |
| Wald chi2(8)                                                             | 113.65                                          |             | 121.46            |             |
| Prob > chi2                                                              | 0.000                                           |             | 0.000             |             |
|                                                                          | $\beta$                                         | Robust S.E. | $\beta$           | Robust S.E. |
| Authoritarianism                                                         | -7.552                                          | 2.659***    | -13.354           | 3.900***    |
| Authoritarianism (t-1)                                                   | 0.567                                           | 0.964       | 1.792             | 2.630       |
| Age of the regime                                                        | -0.010                                          | 0.023       | 0.036             | 0.041       |
| Length of authoritarian<br>spell                                         | 0.020                                           | 0.019       | 0.054             | 0.041       |
| Formal federation                                                        | 19.123                                          | 3.958***    | 20.481            | 4.150***    |
| Growth of GDP per capita                                                 | 4.182                                           | 5.936       | 3.381             | 9.260       |
| GDP per capita (t-1)                                                     | 0.943                                           | 0.220***    | 0.812             | 0.308***    |
| Year                                                                     | -0.485                                          | 0.116***    | -0.640            | 0.165***    |
| Constant                                                                 | 947.114                                         | 226.289***  | 1259.089          | 321.124***  |
| <b>Selection equation</b>                                                |                                                 |             |                   |             |
| Authoritarianism                                                         | -0.437                                          | 0.171***    | -0.414            | 0.175**     |
| Formal federation                                                        | 0.429                                           | 0.192**     | 0.316             | 0.205       |
| GDP per capita                                                           | 0.036                                           | 0.011***    | 0.039             | 0.011***    |
| Interstate war (COW<br>definition)                                       | 0.114                                           | 0.112       | 0.214             | 0.196       |
| Length of membership in<br>IMF (Years)                                   | 0.000                                           | 0.000       | 0.013             | 0.004***    |
| Year of observation                                                      | -0.036                                          | 0.006***    | -0.051            | 0.008***    |
| Constant                                                                 | 71.971                                          | 12.765***   | 100.573           | 15.569***   |
| Rho                                                                      | .993                                            | .004***     | .983              | .016***     |

Notes: Robust standard errors are adjusted for clustering on country.

\*\*\* implies  $p < .001$ , \*\*  $p < .05$ .

The key variable of interest is whether a regime is authoritarian (coded 1) or democratic (coded 0). It is important to note that these measures capture *central* political institutions, not the nature of politics at the state or local level. Thus, regimes that introduce local elections with multiple political parties where incumbents actually lose power are still considered authoritarian. This is the case, for instance, of the Kuo Min Tang regime on Taiwan before 1987 where local

competitive elections between the KMT and independent candidates were routine.

The sample-selection models (one for subnational revenue and the other for expenditures) are summarized in Table 1A.1.2. Since the dependent variables are measured on a scale from 0 to 100, the interpretation of the outcome equations is straightforward: Fiscal revenues in authoritarian regimes are, all things being equal, 7.6 percentage points less decentralized than in democracies. Similarly, the gap across regimes for expenditures is 13.4 points. The regression results strongly imply that decentralization is rare among poor, unitary, authoritarian regimes and that China is therefore a remarkable outlier.

#### APPENDIX 1A.2: THE RELATIONSHIP BETWEEN DECENTRALIZATION AND POLITICAL REGIMES

I estimate a simultaneous equation system in which both the level of decentralization and a country's regime type are endogenous. Such a specification has the advantage of allowing a test of the direction of the causality, namely, whether decentralization undermines authoritarianism, but also whether authoritarian regimes are in turn reluctant to decentralize. Because fiscal decentralization pertains to both revenue and expenditures, two models are estimated: one for expenditures and one for revenue.

The level of decentralization is specified as a function of a country's economic development, measured as the gross domestic product per capita in 1995 constant dollars, using the PPP method. In order to reduce the risk of autocorrelation, a lagged dependent variable is included on the right-hand side. Furthermore, since the share of local expenditures is likely to depend on the share of local revenue, a lagged revenue variable is also included.

The equation also incorporates two institutional measures of fiscal decentralization that are central to analysis: First, I control for the existence of a formal federation, where levels of decentralization are expected to be higher than average because of clear legal guarantees to states and provinces. The second measure – the length of membership in the IMF – controls for the policy incentives in favor of decentralization that are advocated by international financial institutions. The



general rise in the level of decentralization worldwide is also captured by a trend variable (Year of observation).

$$\begin{aligned}
 \text{LOCAL EXPENDITURES}_t &= \beta_{14} * \text{LOCAL EXPENDITURES}_{(t-1)} \\
 &\quad + \beta_{15} * \text{LOCAL REVENUE}_{(t-1)} \\
 &\quad + \beta_{11} * \text{GDP}_{(t)} \\
 &\quad + \beta_{13} * \text{FEDERALISM} \\
 &\quad + \beta_{16} * \text{IMF membership duration} \\
 &\quad + \beta_{17} * \text{YEAR} + \alpha_1 + \varepsilon_1 \\
 &= X\beta_I + \varepsilon_1 \tag{1a}
 \end{aligned}$$

Similarly, the equation in the revenue model is

$$\begin{aligned}
 \text{LOCAL REVENUE}_t &= \beta_{14} * \text{LOCAL REVENUE}_{(t-1)} \\
 &\quad + \beta_{15} * \text{LOCAL EXPENDITURES}_{(t-1)} \\
 &\quad + \beta_{11} * \text{GDP}_{(t)} \\
 &\quad + \beta_{13} * \text{FEDERALISM} \\
 &\quad + \beta_{16} * \text{IMF membership duration} \\
 &\quad + \beta_{17} * \text{YEAR} + \alpha_1 + \varepsilon_1 \\
 &= X\beta_I + \varepsilon_1 \tag{1b}
 \end{aligned}$$

### **Impact of Decentralization on Regime**

The main equation of interest accounts for the impact of decentralization on regimes, both directly and – to the extent that fiscal decentralization affects economic performance – indirectly through the instrumentalized variable LOCAL EXPENDITURES (respectively, LOCAL REVENUES).

$$\begin{aligned}
 \text{REGIME}_t &= + \alpha_2 \\
 &\quad + \beta_{23} * \text{GDP}_{(t)} \\
 &\quad + \beta_{26} * \text{INSTITUTIONAL DURATION} \\
 &\quad + \beta_{27} * \text{YEAR} + \varepsilon_2 \\
 &= X\beta_{II} + \varepsilon_2 \tag{2}
 \end{aligned}$$

TABLE 1A.2.1. *Two-Way Impact of Decentralization on Political Regimes (1972–2002)*

| Decentralization                         | Revenue Model |                | Expenditure Model     |                |
|------------------------------------------|---------------|----------------|-----------------------|----------------|
|                                          | $\beta$       | Corrected S.E. | $\beta$               | Corrected S.E. |
| Number of observations<br>(regime-years) |               | 1152           |                       | 1150           |
| F <sub>(7,1144)</sub>                    |               | 8589.48        | F <sub>(7,1142)</sub> | 10349.96       |
| Prob > F                                 |               | 0.000          |                       | 0.00           |
| Adj. R <sup>2</sup>                      |               | 0.98           |                       | 0.98           |
| Root MSE                                 |               | 2.02           |                       | 2.01           |
| Instrumentalized<br>REGIME               | -0.211        | 0.221          | -0.167                | 0.216          |
| Local expenditures <sub>(t-1)</sub>      | 0.018         | 0.015          | 0.038                 | 0.014***       |
| Local revenue <sub>(t-1)</sub>           | 0.958         | 0.014***       | -0.030                | 0.031***       |
| GDP <sub>(t)</sub>                       | -0.018        | 0.032          | 0.959                 | 0.015          |
| IMF membership<br>duration               | 0.001         | 0.005          | 0.005                 | 0.005          |
| Federalism                               | 0.444         | 0.178***       | 0.124                 | 0.173          |
| Year                                     | -0.003        | 0.013          | 0.010                 | 0.012          |
| Constant                                 | 6.741         | 25.149         | -8.644                | 24.653         |
| Regime                                   | $\beta$       | Corrected S.E. | $\beta$               | Corrected S.E. |
| N                                        |               | 1152           |                       | 1150           |
| LR chi2(6)                               |               | 526.17         |                       | 542.76         |
| Prob > chi2                              |               | 0.000          |                       | 0.000          |
| Pseudo R <sup>2</sup>                    |               | 0.36           |                       | 0.37           |
| Log likelihood                           |               | -465.2         |                       | -457.6         |
| Instrumentalized<br>revenue              | -0.008        | 0.004**        | -0.015                | 0.003***       |
| Duration of institutional<br>arrangement | 0.006         | 0.003**        | 0.008                 | 0.003***       |
| GDP <sub>(t)</sub>                       | -0.173        | 0.013***       | -0.176                | 0.013***       |
| Year                                     | -0.042        | 0.007***       | -0.038                | 0.007***       |
| Constant                                 | 84.335        | 13.723***      | 75.798                | 13.643***      |

Source: Estimation procedure using the CDSIMEQ *Stata* module by Keshk (2003).

Thus, the models that are actually estimated can be summarized as follows:

$$\begin{cases} LOCAL\_REVENUE_t = \lambda_1 \cdot \overline{REGIME} + X\beta_1 + \varepsilon_1 \\ REGIME = \lambda_2 \cdot \overline{LOCAL\_REVENUE} + X\beta_w + \varepsilon_2 \end{cases} \quad (3a)$$

And for expenditures:

$$\begin{cases} LOCAL\_EXPENDITURES_t = \lambda_1 \cdot \overline{REGIME} + X\beta_1 + \varepsilon_1 \\ REGIME = \lambda_2 \cdot \overline{LOCAL\_EXPENDITURES} + X\beta_2 + \varepsilon_2 \end{cases} \quad (3b)$$

The instrumentalized variables  $\overline{REGIME}$  and  $\overline{LOCAL\_REVENUE}$  (or EXPENDITURES) are obtained by computing the predicted values from the first stage, namely, ordinary least squares in the case of (eqs. 1a and 1b), and a probit for (eq. 2). (See Table 1A.2.1.) This type model is described in Maddala (1983: 243–244), building on Heckman (1978) and Amemiya (1978). The derivation of the corrected standard errors is discussed by Keshk (2003: 5–6).

## Organizing Decentralization

Any government contemplating decentralization must choose a few key parameters that are crucial to the relationship between the center and the localities. It can set the number of layers of local governments; it can decide how various types of local governments interact with each other: Should they form a nested hierarchy or should each level have well-defined responsibilities independently of each other? Finally, in an authoritarian regime that does not hold local elections, the center can set the lower boundary of the “reach of the State” (Shue, 1988). Critical to this reach is the lowest level of government that is directly under central authority. If the center appoints everybody, the system is completely centralized, but the costs of monitoring local agents are likely to be high in a large geographical expanse like China. A fully centralized system can pretend to control everything, but it may overextend its reach and control very little in practice. Overly centralized systems also stifle economic growth. On the other hand, if the center manages too few agents, its monitoring costs are likely to be lower, but the agents will acquire considerable *de facto* resources and authority under this decentralized regime, and thus become potential challengers to central authority.

In post-1978 China, personnel management has been a central element in loosening these seemingly contradictory constraints. Control over local cadres is seen as the difference between effective decentralization and the decomposition of authority (Lin, Tao, and Liu, n.d.). By manipulating both the rules by which local elites gain access to

political office and the structure of local governments, Beijing is able to meet its objective of maintaining political cohesion while reaping at the same time the benefits of economic decentralization. Moreover, the heterogeneous and multilayered hierarchy of Chinese local governments offers opportunities that cannot arise in strictly bilateral principal-agent interactions: The center can loosen or tighten control (especially personnel control) on some levels, but not others. At a given subnational level, Beijing can even selectively control some localities more than others, particularly if the former are highly valued political or economic assets. As Shirk (1993) has shown, choosing a strategy that doles out specific incentives to a handful of local leaders can help build constituencies in favor of reforms, and at a later stage convince the skeptics of the merits of adopting winning policies adopted elsewhere.

Huang's study (1996b) of provincial investment behavior shows how the power of appointment and removal effectively restrained provincial behavior. Through personnel appointments, Beijing restrained the provinces that were tempted to overinvest during periods of economic retrenchment. In Huang's analysis, the degree of central control of provincial appointments is relatively fixed, because top provincial cadres have always been under the direct authority of the center. At the end of the day, provincial leaders whose preferences are not aligned with the central leadership cannot ignore Beijing's wishes, because doing so raises the probability of their dismissal.

From the center's perspective, this simple solution to the classic principal-agent problem is likely to break down as one descends the chain of command. One reason is that compliance may decline as the bureaucratic distance from Beijing increases. As the saying goes, in the localities, "the sky is high, and the emperor is far away." If subprovincial leaders are not central appointees, they are more likely to deviate from central policies so long as they are reasonably assured that their own principals (the provinces) agree with (or are at least indifferent to) their choices, and that these principals in turn do not fear for their own position if their agents deviate from central rules. In a multilayered bureaucracy, powerful monitoring institutions are required in order to gather information and ensure compliance at all levels. The larger the system, the more costly it is to establish and sustain such institutions.

With respect to subnational institutions, the central government has two broad strategies at its disposal. First, it can simplify the enforcement game by restructuring the hierarchy of local governments in such a way that critical subprovincial units are brought under its direct control. I will show that with respect to economically valuable assets, Beijing did in fact pursue this strategy by creating new tier-one units (provinces and units of quasi-provincial rank) over which the Party center exercises direct nomenklatura authority. However, this strategy shifts the burden of monitoring and enforcement costs to the center, which has only finite resources. The central authorities must therefore remain selective when they set the total number of agents that they manage directly.

The second option is to devise incentive mechanisms that allow the center to control sub-national agents *indirectly*. This can be accomplished in a variety of ways. The center can reduce the bureaucratic distance between Beijing and subprovincial units. This implies that tier-two local governments (municipalities and prefectures) should be placed under the authority of agents who are themselves under direct central control. Even if the provinces have a strong incentive to comply with the center's wishes, their own bureaucratic capacity is also finite; therefore, the number of tier-two units is also limited. The center can also reduce monitoring costs. It can, for example, narrow the number of indicators that are used to measure the degree of compliance throughout the system. The simpler and the more quantifiable these indicators, the cheaper they are to generate, collect, and use. In the post-1978 context, the expectation turned decidedly toward "economics as the central task" (Dickson, 2002). As an official from the State Development Planning Commission put it: "[T]he current government stresses that development is the fundamental principle. Economic development becomes a criterion for assessing local officials. The current cadre assessment overstates the economic growth of the region led by the assessed officials. Moreover, the criteria for assessing economic growth are essentially superficial: the number of projects and enterprises established, and the growth rate of the local economy" (Yin, 2001). Though such tactics may have negative impacts on the quality of local governance, they allow subnational actors to focus their efforts on a number of hard-core indicators, with the knowledge that if their preferences are not aligned with those in the provinces

and/or the center on other dimensions, the risks of retaliation are likely to be small. For the provinces, the costs of monitoring only a few criteria is low, which allows them to control a larger number of tier-two agents (county units) simultaneously.

Finally, rewards and sanctions must be as clear as possible. Economists who analyze principal-agent problems have long argued that one of the best ways to align the interests of the agents with those of the principal is to tie the level of compensation to the income that is produced for the principal (Wedeman, 1999: 103). In bureaucracies, this is hard to accomplish because wages scales are generally sticky across individuals, but vary instead with bureaucratic rank.<sup>1</sup> Though efforts have been made to vary the wage scale at the margins by designing performance contracts (Edin, 2003; Whiting, 2004), doling out promotions and demotions constitutes a much more efficient enforcement mechanism, because “what really matters in the Chinese nomenclature system is still the amount of power and type of official position” (Zhong, 2003: 101). An appointment is unambiguous. It has a powerful demonstration effect: Other agents may not easily observe each other’s wages, but they all know who is being appointed and who is being demoted. Furthermore, since formal and informal economic returns are tied to bureaucratic rank, the appointment game is also the economic incentive mechanism that induces compliance. Finally, the use of appointments and dismissal also reduces the incentives for corruption by removing agents from their local networks and possibly bringing in outsiders as replacements.

This chapter details how the institutions that control intergovernmental relations down to the county level have been operating since 1978.<sup>2</sup> I show that despite decentralization, the center has effectively used its power both to reshape the rules of the appointment game in order to induce compliance among cadres and to rearrange the structure of local governments in order to maximize its own political

<sup>1</sup> Much of the financial pressure on local governments, especially in the poorer rural interior regions of China, is the product of this inflexibility. See Lin, Tao, and Liu (n.d.) and Wong (2002).

<sup>2</sup> Subcounty officials are discussed in Chapters 4, 5, and especially 6 in the context of village township political relations. For excellent discussions of the organization of township governments and their operations, see Zhong (2003) and Whiting (2001, 2004).

returns. Although these decisions were often simultaneous, for simplicity of exposition I turn to them sequentially, beginning with the reforms of the appointment system.

#### REFORMING THE APPOINTMENT SYSTEM

China's reforms of the personnel system effort entailed a series of decisions that took place after the resignation of Hua Guofeng as premier and Deng Xiaoping's seizure of the political agenda. The appointment of Hu Yaobang as secretary general of the Party and Zhao Ziyang as premier of the State Council ushered in an era of reassessment not only of central local relations but also of interlocal relations.<sup>3</sup>

Both Hu and Zhao were committed to restructuring the system of local government, in part because their own personal experiences before reaching the top leadership increased their awareness of these policy issues. Hu was deeply experienced in organizational matters, first as head of a key mass organization (the Communist Youth League), then as director of the Central Organization Department (COD). The latter post put him in charge of the massive rehabilitation of the cadres purged during the Cultural Revolution, a task that proceeded rapidly but at an orderly pace.<sup>4</sup> Hu realized that the existing system of political control within the Party was overly dependent on central impetus and lacked reliable institutional mechanisms to enforce Beijing's will.<sup>5</sup>

<sup>3</sup> Hu Yaobang who, along with Deng, had been purged during the Cultural Revolution, was rehabilitated in 1978. During the seminal Third Plenum of the 11th Central Committee (December 18–22, 1978), Hu was made a member of the Politburo. Throughout 1979, his importance in the daily management of Party affairs became evident with the recreation of the Central Secretariat, which he headed (He et al., 1993). In February 1980, the Fifth Plenum confirmed Hu as general secretary of the Party. The latter post became the highest Party office when Hua Guofeng resigned his formal post of Party chairman in June 1981. As for Zhao Ziyang, he became premier of the State Council upon the resignation of Hua Guofeng in September 1980. Although Deng apparently handpicked Zhao, he continued to serve as deputy premier under Zhao. See Meisner (1986: 457–458) and Ch'i (1991: 3–19).

<sup>4</sup> For the details of Hu Yaobang's career, see Yang (1988).

<sup>5</sup> Hu's pessimism on the capacity of the central organization department to enforce the new rehabilitation policy seems to have been at the root of his proposal to decentralize organizational policy with the Party. In November 1978, Hu declared to students at the Central Party School that "even if the Central Committee Organization Department was much larger, it would not be able to clear each of those cases one by one. It is



Zhao Ziyang had strong provincial credentials. In Guangdong and Sichuan, he had experienced first hand the difficulties of provincial management in the context of a planned economy, as well as the political risk of experimenting with new policies when central and local prerogatives were not clearly delineated.<sup>6</sup> With respect to Party affairs, Zhao also demonstrated a clear willingness to deal with cadres pragmatically, and his policy had been well publicized in the press before his appointment to the premiership (Shambaugh, 1984: 96–97).

Thus, both men had strong reasons to push for institutional reforms. Their views reflected the positions of Deng and other Party elders who believed that the CCP was overwhelmed with the task of rebuilding itself and that the reach of its central organs extended far below the level at which they could be effective.<sup>7</sup> In short, power had to be institutionalized and gradually decentralized while preserving the Party's monopoly on political power.

### **“One Level Down” Management of Local Officials**

The Third Plenum of the Central Committee on December 1978 was a watershed not only for China's economic strategy but also because of its wide-ranging implications for the CCP's personnel policy. Many veterans purged during the Cultural Revolution were rehabilitated.<sup>8</sup> Furthermore, Hua Guofeng's policy of unconditional support for Mao's pronouncements was reversed. Deng, who was also formally rehabilitated at the meeting, delivered his famous speech exhorting Party members to “liberate their minds, seek truth from facts, and unite to look forward” (B. Yang, 1998: 204).

for this reason that I hope that all units from the province down to the grass roots will actively take up this task of reexamining such cases so that the problems of these people may be more quickly cleared up” (Yang, 1988: 135, cited from mimeo).

<sup>6</sup> For a chronology of Zhao's evolving view on the economy, see Shambaugh (1984: 75–113).

<sup>7</sup> The decisions emanating from Beijing did not solely reflect the preferences of the new leaders of the Party and the government, and the central leadership was not always unified in its views. Besides Deng Xiaoping, several elders leaned heavily on Hu and Zhao, and significant differences about the wisdom and needed degree of institutional reform and decentralization did occur from time to time. However, this study is not centrally concerned with the vicissitudes of policymaking in Beijing. For details on factionalism at the center, see Baum (1994) and MacFarquhar (1993).

<sup>8</sup> These included Peng Zhen, Bo Yibo, and Yang Shangkun.

The decisions of the plenum put the revamped central leadership in a peculiar position vis-à-vis provincial and local governments. The policy shift contravened what Susan Shirk has labeled the principle of “reciprocal accountability” within the Communist Party. The central “selectorate” needs the support of the localities because they represent the largest bloc on the Central Committee. (Shirk, 1990: 228) During his short tenure as Mao’s successor, Hua Guofeng staffed provincial Party and government leadership with his own supporters. His task was greatly facilitated by the meeting of the 11th Party Congress in March 1977, which coincided with a series of appointments in provincial governments and prefectures. Thus, the plenum was paradoxically calling for a fundamental policy readjustment to be carried out by the supporters of the very leader it was effectively removing from power.<sup>9</sup>

Furthermore, the plenum signaled the acceleration of cadre rehabilitation. This posed a significant problem to Party Organization Departments, since rehabilitated officials expected to return to their original posts, or at the very least positions of similar rank. Under the “one level down” policy in place at the time, the provincial governments’ presumed allegiance to Hua made it less likely that they would implement the policy in good faith in provincial bureaus and prefectures. Following the meeting, the Central Organization Department issued several directives reasserting central control over provincial leadership. In March 1979, it once again placed high-level cadres of the central administration under direct management of the Central Committee.<sup>10</sup>

Shortly thereafter, members of the standing committee of provincial Party committees, secretaries of the Discipline Inspection Commission (*jiwei*), governors and vice governors, leaders of provincial people’s congresses (PPCs), and the PPPCC<sup>11</sup> (and their respective deputies)

<sup>9</sup> For details on Chinese regional and local governments in the Mao era, see Barnett (1967), Oksenberg (1969), and Solinger (1977).

<sup>10</sup> *Guojia jiguan de siju yiji ganbu*. Cadres who head ministerial departments sometimes have the rank of vice minister. Under the new rules, their promotions were evaluated by the central COD and reported to Politburo leaders in charge of organizational work, as well as to the relevant deputy premier of the State Council (Zhang Zhijian, 1994: vol. 1: 262–263).

<sup>11</sup> Provincial People’s Political Consultative Conference.

TABLE 2.1. *The Appointment System under the “Two Levels Down” Policy (1980–1984)*

| Appointment Authority   | Level of Nomenklatura Control over          |                                    |
|-------------------------|---------------------------------------------|------------------------------------|
|                         | Local Leaders                               | Bureau-Level Cadres                |
| Center                  | ⇒ Provinces, Prefectures/<br>municipalities | Provincial bureaus                 |
| Province                | ⇒ Prefectures/municipalities<br>Counties    | Prefectural & municipal<br>bureaus |
| Prefecture/municipality | ⇒ Counties<br>Townships                     | County bureaus                     |
| County                  | ⇒ Townships                                 | Township offices                   |

were placed under the Central Organization Department (COD) for purposes of investigation and reporting, and the Central Committee for the final approval of promotions and demotions. Finally, in May 1980, the COD issued a new nomenclature that fully restored the principle of “two levels down” (*xia liangji*) control of Party and government personnel. The center took charge of provinces and prefectures, while provincial Party committees handled heads of provincial departments (*ting*) and sections (*chu*), as well as prefecture and county cadres (Chen and Xu, 1989). (See Table 2.1.)

The key feature of the system was the overlap of responsibilities between two Party committees that handled officials below the level of vice governor. For instance, prefecture cadres were jointly managed by the center and provincial Party committees. The decision was ostensibly made to reduce local opposition to cadre rehabilitation, but it is clear that the rules were also designed to reduce the political dependence of local officials on their immediate bureaucratic superiors.

The recentralization of 1980 was not universal: It did not apply to enterprises and service units whose “important leaders” (*zhuyao lingdao ganbu*) were managed by the next-higher Party organization,<sup>12</sup> while middle-level cadres were handled by Party groups *within*

<sup>12</sup> That is, the local Party committee (*dangwei*) for enterprises controlled locally and the higher Party group (*dangzu*) for vertically integrated units tied to a specific ministry or commission (such as the Posts and Telecommunications Administration).

TABLE 2.2 *Number of Cadres under Central Management (Selected Years)*

|      |        |
|------|--------|
| 1950 | 4,800  |
| 1955 | 14,000 |
| 1980 | 13,000 |
| 1984 | 4,200  |
| 1990 | 4,100  |
| 1995 | 2,459  |
| 1997 | 2,562  |

*Notes and sources:* Numbers for the 1950–1990 period are from *Dangdai Zhongguo de Renshi Guanli*, pp. 259 ff. 1984: Burns (1994) estimates the number of centrally managed cadres to 5,000. 1995 and 1997: *Dangzheng Lingdao Gangbu Tongji Ziliao Huibian*, 1954–1998, p. 15. Hellmann and Kirchberger (2000), based on the same source, label these “top cadres nominated by the CCP Center.” These are specifically leadership cadres at the provincial/ministerial level and above. These numbers differ from Burns because the CCP center also appoints leading cadres who hold lower ranks, such as the heads of provincial Organization Departments. Other cadres, like the head of county state tax bureaus since 1994, are appointed by the State Administration of Taxation and thus also belong to the group of the centrally appointed, more loosely defined.

work-units. This not only shifted the burden of higher-level organization bureaus downward but also reinforced the principle of self-management in enterprises (Zhang Zhijian, 1994, vol. 1: 263). Overall, policy toward ordinary cadres was left relatively untouched, while the number of high-level cadres under central management jumped to 13,000, as can be seen in Table 2.2. Two levels down reflected the risk aversion of the center in the early phase of reforms. Beijing sought to exert maximum control over the provinces while ensuring that the prefectures would follow the reform trend. This was understandable given the volatile situation in rural areas. By 1980, as the pace of decollectivization in the countryside accelerated, the role (and number) of people’s communes declined rapidly. The new system of cadre management guaranteed that centrally appointed prefectural officials would directly control the massive reorganization of commune

TABLE 2.3. *Replacement of People's Communes by Townships (1979-1985)*

|      | Number of People's<br>Communes | Number of<br>Townships |
|------|--------------------------------|------------------------|
| 1979 | 53,229                         | 0                      |
| 1981 | 54,368                         | —                      |
| 1983 | 36,268                         | 35,514                 |
| 1984 | 63                             | 85,290                 |
| 1985 | 0                              | 79,396                 |

Source: Pu et al., 1995: 463-464.

leadership and oversee their rapid transformation into townships.<sup>13</sup> (See Table 2.3.)

### The Policy Reversal of 1983/84: One-Level-Down Management Returns

The personnel system of 1980 was short-lived. Officially, the reorganization of the local leadership proceeded satisfactorily,<sup>14</sup> but the COD insisted that personnel changes below the provinces, as well as the rehabilitation of all cadres wronged during the Cultural Revolution, should be completed well in advance of the Party congress scheduled for 1982, “regardless of the rank or personality concerned.”<sup>15</sup> Not surprisingly, the return to the model of the 1950s proved cumbersome for local organization departments. The informational requirements were so high that many locales failed to file complete and accurate reports. In addition to exhorting the localities to implement cadre policy faithfully, the COD began to decentralize the management of officials of secondary importance. Work on cadres employed in the United Front

<sup>13</sup> The term “township” implies both “town” (*zhen*) and “township” (*xiang*). They are equivalent bureaucratically.

<sup>14</sup> *People's Daily*, January 14, 1981.

<sup>15</sup> CCP Organization Department Research Office (1990: 58). In September 1981, the Organization Department summoned seven provinces to a special conference to review all aspects of personnel policy. The COD made the unusual decision to publish the minutes of the meeting, perhaps in an effort to demonstrate that the seven provinces in question (Guangdong, Qinghai, Yunnan, Jilin, Shanxi, Jiangxi, and Jiangsu) actively supported cadre policy (CCP Organization Department Research Office, 1990: 70).

*xitong* reverted to the Central United Front Department.<sup>16</sup> Furthermore, the COD was no longer required to investigate and approve the reappointment of several categories of officials already approved as candidates (*houbu*) for the same posts (CCP Central Organization Department, 1982).

Implementation difficulties and high information costs alone cannot fully account for the decision to abolish the two-levels-down policy less than four years after its reintroduction. By 1983, the organizational capacity of Party departments had improved markedly. The number of cadres controlled at any level was no longer a good predictor of the extent of actual knowledge and control over individual officials.<sup>17</sup> If anything, the repeated warnings to lower-level Party committees that procedures had to be followed carefully demonstrated a high degree of awareness of the details of the implementation of personnel management. The COD and the cadre section of the Ministry of Personnel routinely issued circulars clarifying and simplifying cadre appointment procedures.<sup>18</sup>

<sup>16</sup> United Front Departments benefited from this policy readjustment. In January 1981, the Central Committee relinquished control of high-level officials in the "United Front System" to the central United Front Department itself. It is, however, unclear whether similar measures were taken at the provincial and subprovincial level (CCP Organization Department Research Office, 1990: 55–56).

<sup>17</sup> The organizational handbook of 1983 states unambiguously that COD officials were responsible for no more than 100 dossiers. It makes little practical difference in terms of costs whether COD officials are posted at one level or the other. There is, however, an important political difference: Under "two levels down," a Party committee reporting to the next level up on matters involving cadres under its jurisdiction is ipso facto reporting to its own superior in the organizational hierarchy. This is a clear incentive to retain damaging information that may undermine the credibility of the local Party committee. "One level down" allows the local Party committee members to solve personnel issues relatively easily since they have direct control over the Organization Department in charge of subordinate cadres. One of the deputy secretaries is frequently concurrently director of the Organization Department, or at the very least a full member of the local Party committee. Information retention between local Party committees and the relevant Organization Departments is therefore far less likely. See Manion (1984).

<sup>18</sup> The importance of maintaining dossiers was also stressed at the provincial level. For instance, Jiangsu province undertook a three-year program of "dossier work" that included provisions for the reorganization of dossiers under "*shiguanxian*." See the account of the joint meeting of the Provincial Party Committee and People's Government (March 18–22, 1983) in Jiangsu CCP History Research Commission (1990: 107).

The reversal of 1983 is more convincingly explained by the political motivations of the center. First, the decision was made *after* the 12th Party Congress of September 1982, which marked a decisive victory for supporters of the open door policy. Personnel changes at the center were also reflected in the localities directly managed by Beijing. By mid-1983, less than a quarter of the provincial Party secretaries appointed before the third plenum were still in place,<sup>19</sup> while none of the governors appointed under Hua (1976–1978) remained in office. Although personnel information is not available nationwide, the relevant data for Jiangsu show that the pattern of replacement of prefecture heads, mayors, and Party secretaries closely matches that of provincial governors and secretaries. Among the Jiangsu officials appointed before the third plenum, only three Party secretaries and none of the mayors or heads of the prefectures remained in place in 1983.<sup>20</sup>

### The National Conference on Organizational Work (July 1983)

The personnel reforms of 1980 demonstrated the center's acceptance of high transaction costs in the short run, but the center became less willing to keep bearing the higher costs of recentralization once the localities were purged of potentially hostile Party and government leaders. In June 1983, the National Conference on Organizational Work marked a fundamental reassessment of personnel policy,<sup>21</sup> the first such meeting since the Party Congress of 1982. Its importance was underscored by its length (almost two weeks!), as well as by the flurry of documents mapping personnel policy published upon its conclusion: an eight-year program of modernization of the cadre corps,<sup>22</sup> regulations regarding

<sup>19</sup> These were the secretaries in Tianjin, Inner Mongolia, Jiangsu, Shandong, Hunan, Guangxi, Guizhou, and Xinjiang.

<sup>20</sup> Several officials were reassigned from one locale to another. This implies that the transfer was reviewed by the COD and that their political loyalty was not questioned by Beijing.

<sup>21</sup> The meeting was chaired by Chen Yeping, recently promoted Director of the COD, and included more than 320 central and provincial officials in charge of organization work in Party institutions, cadres responsible for the ongoing Party "rectification," and representatives of "model units" in the area of cadre reform, as well as key cadres of government personnel bureaus (CCP Organization Department Research Office, 1990: 123).

<sup>22</sup> "Eight-Year Plan Regarding the 'Four Transformations' of the Corps of Leading Cadres" ("*Guanyu lingdao banzi 'sihua' jianshe de ba nian guihua*"). See note 25.

the reforms of the system of cadre management,<sup>23</sup> a national program for cadre training,<sup>24</sup> and a decision to create a cadre reserve list at the provincial and ministerial level.<sup>25</sup> Chen Yeping's report stressed the urgency of cadre rejuvenation and the need to "raise the political and professional quality of the cadre corps" while proceeding in a systematic and orderly fashion and completing the process of Party rectification (CCP Organization Department Research Office, 1990: 123).<sup>26</sup>

Organizing the retirement and replacement of thousands of old revolutionaries and recruiting younger and more competent officials tuned to the center's economic priorities were tasks better handled at the lowest possible level. Organization departments proved quite capable of handling large quantities of dossiers, but these contain little information relevant to an official's managerial performance.<sup>27</sup> Personnel

<sup>23</sup> "Regulations Regarding Some Problems Related to the Reform of the Cadre Management System" ("*Guanyu gaige ganbu guanli tizhi ruogan wenti de guiding*"). See note 25.

<sup>24</sup> "Main Points about the National Cadre Training Plan" ("*Quanguo ganbu peixun guihua yaodian*"). See note 25.

<sup>25</sup> "Opinion Regarding the Creation of a Cadre Reserve System at the Provincial and Ministerial Level" ("*Guanyu jianli shengbuji houbei ganbu zhidu de yijian*"). This document (and those listed in the preceding three notes) were published in the appendix of Document 15 (*Zhongzufa* 15), "Circular of the Central Organization Department." A complete English translation is available in Burns (1989b: Chap. 11).

<sup>26</sup> Chen Yeping followed Song Renqiong's unusually long tenure as director of the COD. Although Chen would only remain in his post for fourteen months (Feb. 1983 through April 1984), he had already made a deep impact on the COD and had extensive experience in local personnel management. Chen had joined the CCP as early as 1933 and was Party secretary in several counties in Sichuan. He entered the central Party school in Yan'an (1943) and was subsequently appointed deputy director of the Organization Department of Liangyun prefecture. Chen Yeping's entire post-1949 career was in organizational affairs. He was secretary general (then deputy director) of the COD of the Party's southwestern bureau before moving to Beijing. At the COD, Chen was section chief and, under Song Renqiong, concurrently deputy director and secretary general of the department. Ironically, Chen became a victim of his own policy of cadre rejuvenation and retired to the Central Advisory Commission in 1983. See Zhang Zhijian (1994, vol. 2: 594).

<sup>27</sup> Individual dossiers are strictly confidential, but their detailed structure and the specific categories, including how they must be filled by organizational staff, are readily available in various handbooks and internal regulations of the organizational and personnel system. Contrary to the perception that the scope of personnel dossiers is extremely broad, the regulations seem to indicate otherwise. For general dossier management regulations, see the series on personnel regulations compiled by the National Bureau of Personnel (Ministry of Personnel) since 1979 (National Bureau of Personnel, 1988). For details on dossiers of county-level cadres, see Hubei Organization



TABLE 2.4. *The Appointment System under the “One Level Down” Policy (since 1984)*

| Appointment Authority   | Level of Nomenklatura Control over |                         |
|-------------------------|------------------------------------|-------------------------|
|                         | Local Party and Government Leaders | Bureau-Level Cadres     |
| Center                  | ⇒ Provinces                        |                         |
| Province                | ⇒ Prefectures/municipalities       | Provincial bureaus      |
| Prefecture/municipality | ⇒ Counties                         | Pref./municipal bureaus |
| County                  | ⇒ Townships                        | County bureaus          |

needs were broad yet ill defined, and required – if the policy was to be effective – continuous monitoring. This vagueness was epitomized by the slogan “manage less, manage better, manage cleanly” (Zhang Zhijian, 1994, vol. 1: 264).

The name list of 1984 dramatically reduced the scope of central control. For the localities, the most significant change concerned leading cadres<sup>28</sup> in provincial bureaus: They were placed under provincial management, along with the leading cadres in municipalities and prefectures. The center’s direct reach was limited to provincial Party secretaries, deputy secretaries, and members of the provincial standing committee, governors and vice governors, members of provincial advisory commissions, discipline inspection secretaries, chairmen and deputy-chairmen of PPCs, PPPCCs, chief justices of provincial courts and deputies, and chief procurators and deputies. Overall, the new list shrank the number of cadres under central control to a mere 4,200.<sup>29</sup> Similarly, all localities were instructed to reform their own nomenclature following the one-level-down principle and the spirit of “manage less, manage well, and manage cleanly” (Zhang Zhijian, 1994, vol. 1: 264). (See Table 2.4.)

### One Level Down in the 1990s

With few exceptions, this system has remained in place to this day. Some degree of recentralization took place in the aftermath of the

Department (1991). For details on the cadre system in English, see Burns (1987, 1989a, 1989b, 1989c, 1994), Manion (1984, 1985), and Lee (1991: Chap. 13).

<sup>28</sup> Namely, heads of provincial bureaus and commissions and their deputies.

<sup>29</sup> Including cadres in central ministries and Party organs.

Tiananmen crisis (Burns, 1994). Other exceptions pertain to the new types of local governments that I discuss in the next section. In addition, with the fiscal reforms of 1994, the State Administration of Taxation began to appoint the heads of state tax bureaus (*guojia shuiwu ju*) down to the county level (S. Wang, 1997; Heilmann and Kirchberger, 2000). In 1995, the Central Committee issued temporary regulations regarding the appointment and dismissal of cadres, but these rules defined the criteria that each level should use when promoting officials without altering the structure of the nomenclature at each level. The temporary regulations were slightly revised and formalized in 2002.<sup>30</sup> The current set up is summarized in Table 2.5.

Several studies have pointed out that China's decentralization of personnel policy demonstrated a shift away from the emphasis on political reliability to a more managerial approach where substantive performance guided decisions on cadres' careers. The context and process of the return to a one-level-down system in 1984 is not entirely consistent with this argument. The CCP allowed decentralization to take place only after sweeping personnel changes in areas most critical to the long-term survival of the central "selectorate." Provincial and prefectural leaders appointed between 1978 and 1984 had a considerable stake in the perpetuation of the policy orientation of the Central Committee. They were unlikely to manipulate the appointment process of cadres under their jurisdiction in a fashion that would undermine the central leaders, a process that brought them to power in the first place. To be sure, one level down provided enhanced opportunities for local Party committees to build tighter patronage networks. But it does not follow that local networks headed by cadres appointed by Beijing threatened the perpetuation of the policies put forth by the Party's center.

#### MANAGING LOCAL GOVERNMENT STRUCTURES

The one-level-down system marked a decisive move to decentralize personnel management below the provinces, but the implications of this move cannot be understood without reference to the central government's ability to reshape intergovernmental relations over the course of reforms. For Beijing, the capacity to reshuffle the cards of the country's

<sup>30</sup> These regulations and their consequences are discussed in the following chapters.

TABLE 2.5. *Principals and Agents under the “One Level Down” System of Cadre Management*

| Units Exercising Appointment Control | Control Exercised over                                                                                              |                                                                                        |                                                                                                 |                                                                                         |                                                                                                           |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|                                      | Provinces                                                                                                           | Municipal Level                                                                        |                                                                                                 | City under Provincial Line Item*                                                        | County Level                                                                                              |
|                                      |                                                                                                                     | Deputy Provincial City                                                                 | Ordinary Municipality                                                                           |                                                                                         |                                                                                                           |
| Central control of appointments      | <ul style="list-style-type: none"> <li>• Provincial governor</li> <li>• Vice governor</li> </ul>                    | <ul style="list-style-type: none"> <li>• Mayor</li> </ul>                              |                                                                                                 |                                                                                         |                                                                                                           |
| Provincial control of appointments   | <ul style="list-style-type: none"> <li>• Provincial bureau head</li> <li>• Provincial deputy bureau head</li> </ul> | <ul style="list-style-type: none"> <li>• Vice mayor</li> <li>• Bureau heads</li> </ul> | <ul style="list-style-type: none"> <li>• Mayor</li> <li>• Vice mayor</li> </ul>                 | <ul style="list-style-type: none"> <li>• Mayor</li> </ul>                               | Ordinary County                                                                                           |
| Municipal control of appointments    |                                                                                                                     |                                                                                        | <ul style="list-style-type: none"> <li>• Bureau heads</li> </ul>                                | <ul style="list-style-type: none"> <li>• Vice mayors</li> <li>• Bureau heads</li> </ul> | <ul style="list-style-type: none"> <li>• County magistrate</li> <li>• Deputy county magistrate</li> </ul> |
| County/CLC control of appointments   |                                                                                                                     |                                                                                        | <ul style="list-style-type: none"> <li>• Bureau heads</li> <li>• Deputy bureau heads</li> </ul> | <ul style="list-style-type: none"> <li>• Deputy bureau heads</li> </ul>                 | <ul style="list-style-type: none"> <li>• Bureau heads</li> <li>• Deputy bureau heads</li> </ul>           |

\* Also includes “deputy prefectural municipalities.”

subnational structure is perhaps as important as the decision to limit its power of appointment and removal to top provincial officials. Since China is not a formal federation in which “states” or provinces enjoy constitutional guarantees, the center can strategically manipulate the organization of subnational governments to suit its interests. It can create or eliminate provinces; promote or demote municipal, county, and township governments; and adjust the relative size of each tier of local government. It is the combination of the power of appointment with administrative zoning (*xingzheng quhua*) authority that has allowed Beijing to maintain considerable power over the localities. In this section I proceed in three steps. I first explain how the structure of local governments is formally organized according to the state and Party constitutions. I then describe how the system evolved during the reform era. Finally, I present the rationale for the formation of exotic administrative entities that – despite their weak legal standing – have enhanced the capacity of the center to remain in control of the decentralization process.

### Local Government Structures in the State and Party Constitutions

The system of Chinese local government is best described as a “nested hierarchy” (Wong, 2002) under the State Council in Beijing. Below the center, Article 30 of the 1982 Constitution specifies a three-tier structure of local governments consisting of provinces (including centrally administered municipalities and autonomous regions), counties, and townships. Provinces are divided into counties (or autonomous counties and cities). Finally, counties are divided into townships (or nationality townships and towns). Exceptions are made for minority areas that may have autonomous prefectures. Central cities are also allowed to manage counties directly.

Unfortunately, the Constitution of 1982 does little to clarify the status, functions, and organization of local governments. Section V distinguishes between “local people’s governments at or above the county level,” whose structure and responsibilities are explicitly defined, and “local people’s governments at various levels.” The prerogatives of the latter (namely, towns and townships) are stated more vaguely,<sup>31</sup>

<sup>31</sup> Article 107–2 laconically states that “People’s governments of townships, nationality townships and towns carry out the resolutions of the people’s congress at the

though those of residents' and villagers' committees are spelled out (Article 111-2).<sup>32</sup> The most explicit sections are those concerned with units at or above the county level:

[Their] people's governments within the limits of their authority as prescribed by law conduct the administrative work concerning the economy, education, science, culture, public health, physical culture, urban and rural development, finance, civil affairs, public security, nationalities affairs, judicial administration, supervision and family planning in their respective administrative areas; issue decisions and orders; appoint, remove and train administrative functionaries, appraise their work and reward or punish them. (Article 107-1)

The Constitution further defines the role of local people's congresses (LPCs) and their standing committees. At each level, the LPC is elected by representatives from the next lower level, "discusses and decides on major issues in all fields of work in its administrative area; supervises the work of the people's government, people's court and people's procuratorate at the corresponding level; annuls inappropriate decisions and orders of the people's government at the corresponding level; annuls inappropriate resolutions of the people's congress at the next lower level; decides on the appointment and removal of functionaries of state organs within its jurisdiction as prescribed by law" (Article 104).

The Constitution also appears to constrain local initiatives. Article 107 clarifies but does not separate the responsibilities of various local governments. Instead, it stresses the hierarchical structure of inter-local relationships: all levels above the county are responsible for the *same* matters, and have direct bureaucratic authority over the next level down. Local governments are also required to report upward to the next level, which can always veto decisions deemed inappropriate. Thus, the Constitution organizes a deconcentration of powers away from the center, but falls well short of granting true local autonomy.

corresponding level as well as the decisions and orders of the state administrative organs at the next higher level and conduct administrative work in their respective administrative areas."

<sup>32</sup> Article 111-2: "The residents' and villagers' committees establish committees for people's mediation, public security, public health and other matters in order to manage public affairs and social services in their areas, mediate civil disputes, help maintain public order and convey residents' opinions and demands and make suggestions to the people's government."

Some units are more directly controlled than others. In particular, prefectures are not listed among the units forming local *governments*, even though in practice they are responsible for the same matters as municipalities.<sup>33</sup> Legally, prefectures are mere “delegated agencies” (*paichu jigou*) of the provinces, which appoint their leadership directly. Since they are not a proper level of local government, they cannot form local people’s congresses or local people’s political consultative conferences (Saich, [2001] 2004: 156). As a result, bureaucratically, units that are seemingly equivalent do not share a standard institutional structure. Local control and supervision of lower-level officials are weaker in prefectures than in municipalities.<sup>34</sup> Such discrepancies not only contravene the timid efforts to give teeth to the LPC at all levels and promote the rule of law but also pose concrete administrative difficulties, since standard policy remains that the appointment and removal of local state officials must be confirmed by the LPCs.

This constitutional structure on the state side offers only a partial view of central–local and interlocal relations because neither the section on local government in the PRC Constitution nor the Organic

<sup>33</sup> Before the Cultural Revolution, the status of prefectures was merely that of an agency of the provincial government. However, during the reconstruction of the administrative system between 1972 and 1976, prefectures (which were merged with Party districts forming “Prefectural Revolutionary Committees” (*diqu geming weiyuanwei*) assumed an increasingly important governmental function in the countryside. The Constitution of 1975 formalized their role by prescribing that the tenure of prefectural, municipal, and county-level people’s congresses be three years. However, the Constitution of 1978 did not mention that prefectures were allowed to form people’s congresses, thus downgrading them to the status of mere administrative agency, but Article 34 confirmed that provincial revolutionary committees could set up administrative prefectures to act as their delegated agencies (*paichu jigou*), a provision already included in the Constitution of 1954. The text of 1982 is silent about delegated agencies, but Article 42 of the “Law of Organization of Local Governments at All Levels” formalized the right of centrally administered cities, provinces, and autonomous regions to establish agencies. At the lower levels, counties and autonomous counties can also set up local agencies, subject to the approval of their respective provincial governments (Xie Qingkui et al., 1995: 102 ff; Zhu Guanglei, 1997: 414–415). Cabestan (1992) claims that prefectures are not mentioned in the body of the Constitution because they were about to be abolished altogether. This is possible but surprising given the timing of prefectural reforms: “*shi guan xian*” began on an experimental basis in 1983, and as many as seventeen prefectures, thirty autonomous prefectures, and three Inner Mongolian Leagues were still in existence in 2005 (Ministry of Civil Affairs, 2005:2).

<sup>34</sup> Instead of a full-fledged people’s congress, prefectures have a people’s representative work committee (*Renda Gongwei*).

Law spell out the role of the Communist Party, which is obviously crucial in practice.

### Party Leadership and Party Structures at the Local Level

The CCP has codified the relationship between local Party committees in its own Party Constitution (*dangzheng*).<sup>35</sup> Party leadership over state affairs is affirmed in several ways. The Preamble of the PRC Constitution refers to the CCP leadership in each of its paragraphs, but it is in the General Program that direct leadership is stated without ambiguity: through the “Four Cardinal Principles,” and specifically with respect to state organs, by asserting that “the Communist Party of China leads the people in promoting socialist democracy and building socialist political civilization. . . . The system of people’s congresses and the system of multiparty cooperation and political consultation under the leadership of the Communist Party of China should continue” (CCP Constitution, General Program, Paragraph 12).

At each level, access to leadership positions is strictly controlled. Higher-level Party committees must approve the number of delegates to a lower-level Party congress, as well as the procedures for electing the corresponding Party committee (Article 24). Control is also exercised after local congresses hold the “election” by granting veto power to the higher-level Party committee: “Local Party committees at various levels elect, at their plenary sessions, their standing committees, secretaries and deputy secretaries and report the results to the higher Party committees for approval” (Article 27).

Like the state Constitution, the CCP distinguishes legally recognized local governments that must hold Party congresses every five years (Article 24) from prefectures and other types of delegated agencies.<sup>36</sup> The latter are placed under the authority of a prefectural Party committee that “exercises leadership over the work in the given region as authorized by the provincial or autonomous regional Party committee” (Article 28), and no explicit reference is made regarding the term or the composition of the Party committee or of the need to hold

<sup>35</sup> For an English translation of the CCP Constitution, see CCP (2002).

<sup>36</sup> However, autonomous prefectures (*zhou*) are listed along with municipalities.

a Party congress. The counties and cities under the prefectures are fully developed units, and so is the province above the prefecture, but the prefectural committee is in the more precarious position of simply acting as the subordinate of the provincial CCP.

Simply stated, the Party replicates the states' hierarchy at each level, and asserts its authority over the state via Party committees at all levels. Each local government is accountable to a higher-level unit, and each local government is placed under the leadership of a Party committee, which is in turn integrated into a structure that ends with the Central Committee and the Politburo of the CCP. This system of dual accountability – to the government and to the Party – forms a complex “matrix muddle” (Lieberthal and Lampton, 1992; Lieberthal, 1995) in which every local Party leader operates “under the leadership” of a different Party organization. Here lies the political limit to China's decentralization: Leading local cadres may well have extensive prerogatives, but their ability to govern depends ultimately not on the locality in which they serve, lying instead in the hands of higher-ranking Party officials positioned above (and outside) these localities.

### **The Evolution of Local Governments: 1982–2004**

This formal constitutional architecture does not fully describe how many local governments are organized concretely. During the 1980s and 1990s, several categories of local governments were created or expanded without clear constitutional or legal definition, but have acquired considerable *de facto* authority. The resulting administrative structure is extremely confusing, and reflects the tension between local demands for decentralization and institutional flexibility, on the one hand, and the center's efforts to bring greater coherence to the system of local governments, on the other.

The 1980s saw a dramatic reversal of the long-standing policy that urban and rural areas should be segregated administratively, politically, and economically. Since the 1950s, most cities had been barred from issuing direct administrative orders to their surrounding counties. The latter reported only to prefectures, which acted on behalf of the provincial government in rural areas. Rural reforms undermined the practicality of this institutional arrangement. As communes were



being dissolved and collective production was being replaced with the contract responsibility system, farmers began to market their surplus output to nearby urban areas. Rural industrial firms emerged as major local competitors of the state sector and gained significant market shares in the urban areas traditionally controlled by the plan (Zhou, 1996: 110–111). Cities – conceived both as administrative and economic units – were correctly perceived as the key to successful economic development: Rural areas wanted to join them, while urban areas competed with one another in the hope of being granted either special or higher status that would allow them to take advantage of the reform policies (Shirk, 1993; Solinger, 1993: 172 ff; Yusuf and Wu, 1997; Chung, 1999; Dai Junliang, 2000). These economic demands motivated the introduction of two concurrent policies: turning prefectures into municipalities (*di gai shi*) and allowing cities to manage counties (*shi guan xian*), both of which revolutionized local politics in China.

*Gradual Abolition of Prefectures and Putting Cities in Charge of Counties: “Di Gai Shi” and “Shi Guan Xian.”* The trend to abolish prefectures began in Jiangsu in 1983 (see Figure 2.1) and was later generalized (Hunan Small Study Group, 1983; Chung and Lam, 2004). At face value, the change reduced the reach of provincial governments. Legally, the one-level-down principle prevents direct provincial interference with county personnel management, since municipalities control the appointment of key county officials. Before the reforms, prefectures were mere “delegated agencies” of the provinces, but they did not develop powerful administrative apparatuses comparable to those full-fledged local governments. As a result, the degree of autonomy of counties was quite high, particularly during the 1970s (Shue, 1988).<sup>37</sup> Paradoxically, the decentralization of 1983 in which all counties were placed under municipal control *reduced* county autonomy, because municipal prerogatives are explicit, legally uncontestable, and backed by well-developed bureaucratic organizations.

<sup>37</sup> Throughout the Maoist era, the prefectural power of counties was also hampered by frequent boundary changes: Counties were swapped, added, and removed from one prefecture to the other, sometimes within very short intervals, thus causing considerable bureaucratic confusion. County boundaries, on the other hand, remained largely fixed.

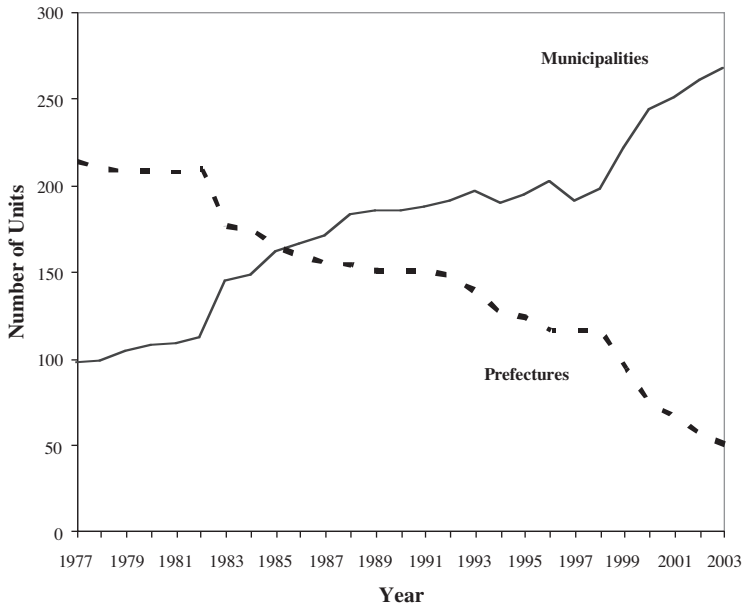


FIGURE 2.1. Replacement of Prefectures by Municipalities (1977–2003).  
*Sources:* Data from Pu et al., 1995: 401 and 463; Ministry of Civil Affairs (various years); and China State Statistical Bureau (various Yearbooks).

Some counties resisted the new arrangement favoring municipal governments. First, the mix of urban and rural entities under a single administrative umbrella presented the obvious danger that new municipalities would siphon funds and infrastructural expenditures at the expense of their peripheral counties. Under the prefectural system, such diversions were institutionally impossible since prefectural offices had no authority to allocate funds to cities: The latter negotiated directly with the provincial government for funds and key projects under the plan. Furthermore, the new system of municipal leadership (re)ignited a number of boundary conflicts between cities and surrounding counties (Liu Junde, 1996). Once they became hierarchically dependent on cities, counties lost most of these boundary battles and were even absorbed as urban districts into the municipality.<sup>38</sup>

<sup>38</sup> In Jiangsu, examples include Wujin (absorbed by Changzhou) and Wuxi county, which was briefly turned into the CLC of Xishan, to be finally absorbed as a district of Wuxi municipality.

Prefectures were merged with municipal governments, and in areas where prefectural offices were established in a county-level city, the city was elevated to a full-fledged municipality, which amounted to a promotion of all local government and Party employees. Inevitably, some cadres were redundant, but when necessary, municipal officials devised creative strategies to cushion the effect of the merger. For instance, Suzhou was entitled to 280 positions at or above the bureau level, while simply merging prefectural and city posts implied employing as many as 581 cadres. The gap was bridged by retiring individuals over sixty to “advisory” posts. Both the Party Committee and the municipal government set up advisory commissions. Others became members of the commissions of the revamped local people’s congress<sup>39</sup> or the people’s political consultative conference.<sup>40</sup> A third group became “organizers” (*zuzhiyuan*) who oversaw the Party rectification campaign in municipal bureaus. Finally, a number of redundant cadres were assigned to investigatory and research offices (Hunan Small Study Group, 1983: 11).<sup>41</sup>

Initially, the policy caused considerable resentment among county and township leaders, but it clearly heightened the enthusiasm for reform among municipalities (Chung and Lam, 2004). *Shi guan xian* effectively granted municipalities control over county (and indirectly, township) governments in their jurisdictions. Had the two-levels-down system remained in place, the reach of municipal governments would have extended as far down as *township*-level cadres. This would have greatly increased municipal leverage in rural areas, but would also have increased the number of cadres under their jurisdiction exponentially.

<sup>39</sup> The rank and perquisites of commissions of local people’s congresses is equivalent to that of a commission in the administration of the government. In the early 1980s, LPCs established commissions, including planning, economic, and agricultural commissions.

<sup>40</sup> Officially, political consultative conferences were not to be “used as an institutional arrangement for old cadres.” But the circular organizing the formation of PPPCCs in counties gave considerable leeway to the municipalities. They could let counties set them up if the “the scope of the united front was large” (*tongzhan duixiang duo*), but not otherwise. See General Office of the CCP: “Circular on Issues Regarding the Establishment of Consultative Conferences in Counties (Cities) and Municipal Districts, January 25, 1983, cited in CCP Central Organization Department Research Office (1990: 106).

<sup>41</sup> Classified document (*jimi*). Available upon request.

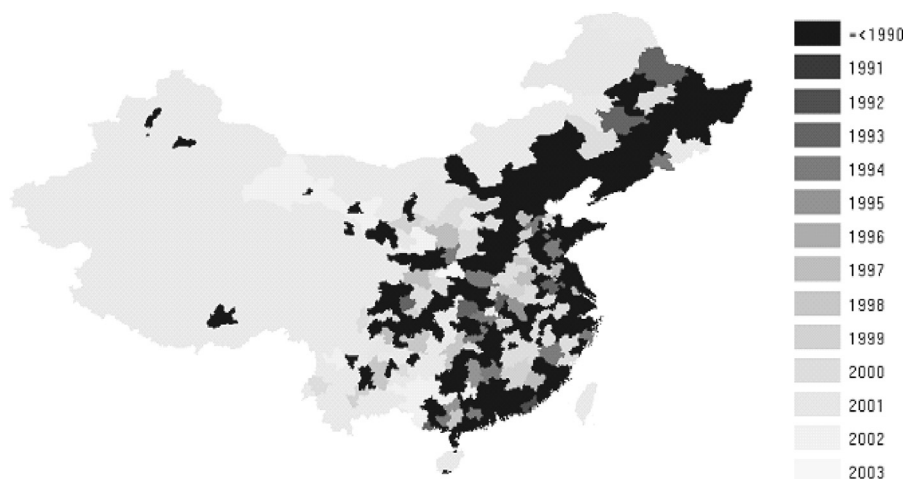


FIGURE 2.2. Formation of Municipalities (1990–2003). *Source:* Author's database. The lightest shade of grey denotes prefectures.

With one level down in place, the number of cadres controlled by the city – and thus the cost of monitoring them – was reduced.

Throughout the 1990s, the Jiangsu model of placing all counties under municipal authority was generalized, first in coastal areas, and in a second wave in central and western China. (See Figure 2.2.) In 1999, the Ministry of Civil Affairs (MCA) called for the abolition of prefectures in most cases. The provinces were instructed to delegate the management of county-level cities to the municipalities (*dijishi daiguan*). In ethnic minority regions, all “delegated agencies” were to be abolished and transformed into proper “autonomous units” (prefectures or counties), as specified in the Constitution. Though it set strict standards in principle, a circular allowed for flexible implementation (Ministry of Civil Affairs, 1999). Predictably, the number of prefectures has declined dramatically: By 2003, the overwhelming majority of China's local governments were placed under the formal jurisdiction of a municipal government. Only 51 prefectures remain, against 267 municipalities (Ministry of Civil Affairs, 2003: 1). Nearly half of the remaining prefectures are sparsely populated ethnic-minority autonomous districts in the western provinces of Xinjiang, Qinghai, Tibet, Yunnan, and Inner Mongolia. Today, a mere 97 million Chinese citizens live in prefectures.

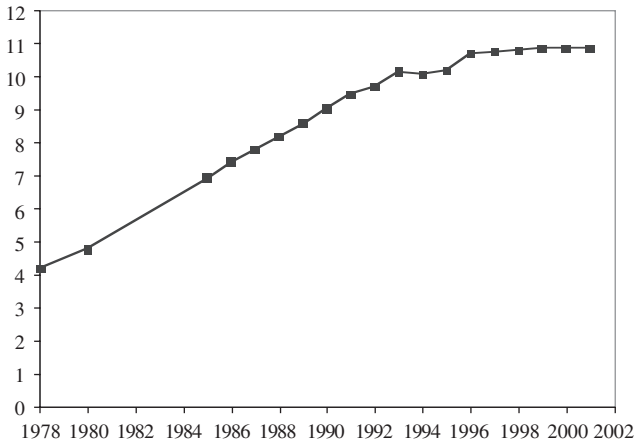


FIGURE 2.3. Employment in Government, Party, and Mass Organizations (1978–2001), in Millions. *Source:* National Bureau of Statistics Population and Employment Office and Ministry of Labor and Social Security Planning and Finance Office (2006).

*Slowing Down the Growth of the Cadre Corps in the Localities.* Abolishing most prefectures, streamlining the counties, and reducing the number of township units<sup>42</sup> all contributed to breaking the trend of an ever-rising number of government employees, 94.5% of whom are posted in the localities. The cadres who were redundant have gradually retired, and the number of new entrants into the bureaucracy has been successfully controlled. Since the late 1990s, their numbers have remained stable at about 10.5 million. (See Figure 2.3.)

The efforts to streamline the bureaucracy were in part budgetary. During Zhu Rongji's tenure as premier, great pressure was applied to reduce the wage bill of local governments. But there was also a logic of political control to these reforms. In a system where the center has direct authority over the provinces that, in turn, control municipalities, the center has a strong incentive to concentrate public employment at the upper levels in order to maximize control and oversight. Thus, although the overwhelming majority of cadres are local cadres, only 43% of all public employees are under county or township

<sup>42</sup> On this point, see Zhong (2003: Chap. 3).

administration, as shown in Table 2.6. This skewed distribution goes a long way in explaining the sustained political authority and the endurance of the Chinese Party-state.

## THE FORMATION OF NEW TYPES OF LOCAL GOVERNMENTS

### Line-Item Cities

In 1983, the government activated a program known as *jihua danlie shi*, or separate line-item cities under the plan.<sup>43</sup> This status was conferred on fourteen “key” cities chosen for their importance to the country’s industrial base (Zhu, 1997: 41). Under a separate listing, cities negotiate their budgetary allocations directly with the central government.<sup>44</sup> Fiscal revenues drawn from enterprises are shared between the center and the city, but no longer go through provincial financial channels. Since the 1994 fiscal reforms, separate state and local tax bureaus have been established in line-item cities, but they do not remit revenue to their respective provincial governments. Finally, these cities report directly to the central government on issues of economic policy and development strategy (Solinger, 1993, 1996; Wong, 1995: 82 n. 17; Wu, 1999).

The policy of a separate listing was a clear effort to broaden support for decentralization despite the opposition of provinces steeped in the practice of central planning (Lin, Tao, and Liu, n.d.: 12). Only six of the fourteen were coastal cities earmarked to take advantage of the open-door policy (Guangzhou, Shenzhen, Xiamen, Ningbo, Qingdao, and Dalian). The majority were inland provincial capitals severely constrained by their respective provinces that historically depended on their fiscal revenues (Padovani, 2000). In those areas, the center preferred to emasculate the economic base of the provincial government, hoping that these dynamic cities would perform better once the burden of provincial control had been removed.<sup>45</sup>

<sup>43</sup> They are also known as central economic cities (Chung, 2004).

<sup>44</sup> Chongqing was added to the list in 1993 before its eventual separation from Sichuan province. See Padovani (2000: 4).

<sup>45</sup> In Hubei and Sichuan, the net effect of *jihua danlie* was to turn the net surplus or provincial revenue into a structural deficit, thus creating fiscal dependence on central subsidies in the long run (Chan, 1997: 89).

TABLE 2.6. *Distribution of Public Employees and Government Officials, by Province (2002)*

|              | All Public<br>Employees | Employees of Bureaucratic<br>Organizations ( <i>jiguan</i> ) |            |            |                     |         |               |                |         |
|--------------|-------------------------|--------------------------------------------------------------|------------|------------|---------------------|---------|---------------|----------------|---------|
|              |                         | % Center                                                     | % Province | % Municip. | % County &<br>Below | % Other | As % of Total |                |         |
|              |                         |                                                              |            |            |                     |         | Number        | Gov. Employees | % Local |
| China        | 71,629,376              | 19.2                                                         | 17.0       | 19.8       | 43.4                | 0.5     | 10,507,193    | 14.7           | 94.5    |
| Beijing      | 2,248,456               | 42.6                                                         | 27.7       | 23.9       | 0.9                 | 4.9     | 225,226       | 10.0           | 78.1    |
| Tianjin      | 955,213                 | 23.5                                                         | 42.8       | 25.5       | 7.9                 | 0.3     | 116,645       | 12.2           | 91.9    |
| Hebei        | 3,843,042               | 17.5                                                         | 14.5       | 19.6       | 48.3                | 0.1     | 566,384       | 14.7           | 94.7    |
| Shanxi       | 2,614,506               | 19.5                                                         | 22.8       | 16.3       | 41.4                | 0.0     | 389,792       | 14.9           | 96.6    |
| Neimenggu    | 1,777,354               | 10.8                                                         | 17.1       | 22.9       | 42.2                | 7.0     | 273,675       | 15.4           | 94.9    |
| Liaoning     | 3,382,699               | 25.5                                                         | 9.4        | 28.4       | 36.7                | 0.0     | 386,178       | 11.4           | 92.0    |
| Jilin        | 2,195,555               | 20.5                                                         | 15.7       | 20.8       | 42.8                | 0.1     | 226,665       | 10.3           | 94.7    |
| Heilongjiang | 3,697,892               | 20.0                                                         | 33.7       | 20.3       | 25.9                | 0.1     | 345,202       | 9.3            | 95.7    |
| Shanghai     | 1,736,742               | 29.1                                                         | 39.0       | 29.9       | 1.8                 | 0.1     | 148,865       | 8.6            | 96.6    |
| Jiangsu      | 3,423,340               | 15.2                                                         | 12.2       | 24.0       | 48.5                | 0.0     | 428,718       | 12.5           | 96.4    |
| Zhejiang     | 1,810,694               | 16.5                                                         | 9.9        | 17.8       | 55.6                | 0.1     | 342,636       | 18.9           | 95.0    |
| Anhui        | 2,381,171               | 13.4                                                         | 12.0       | 22.8       | 51.3                | 0.5     | 363,620       | 15.3           | 96.2    |
| Fujian       | 1,543,941               | 12.3                                                         | 13.3       | 21.3       | 53.0                | 0.0     | 277,196       | 18.0           | 93.0    |
| Jiangxi      | 2,140,092               | 14.0                                                         | 16.5       | 15.4       | 54.1                | 0.0     | 338,444       | 15.8           | 95.2    |
| Shandong     | 5,044,856               | 15.6                                                         | 12.5       | 19.7       | 52.0                | 0.2     | 747,877       | 14.8           | 95.8    |
| Henan        | 4,271,043               | 15.3                                                         | 8.8        | 22.6       | 52.7                | 0.6     | 819,628       | 19.2           | 97.6    |

|           |           |      |      |      |      |     |         |      |      |
|-----------|-----------|------|------|------|------|-----|---------|------|------|
| Hebei     | 3,529,057 | 20.3 | 9.6  | 22.5 | 47.4 | 0.1 | 500,639 | 14.2 | 95.4 |
| Hunan     | 3,219,803 | 15.6 | 14.3 | 20.1 | 49.6 | 0.5 | 549,912 | 17.1 | 96.1 |
| Giangdong | 3,829,107 | 13.4 | 10.5 | 25.5 | 50.1 | 0.4 | 671,190 | 17.5 | 92.1 |
| Guangxi   | 2,049,687 | 11.1 | 13.2 | 21.4 | 53.9 | 0.3 | 278,077 | 13.6 | 94.5 |
| Hainan    | 602,338   | 6.5  | 53.1 | 8.7  | 31.5 | 0.2 | 72,318  | 12.0 | 94.8 |
| Chingqing | 1,306,572 | 25.4 | 22.8 | 0.0  | 51.8 | 0.0 | 175,935 | 13.5 | 95.1 |
| Sichuan   | 3,369,638 | 22.1 | 10.7 | 17.9 | 48.9 | 0.4 | 559,564 | 16.6 | 90.3 |
| Guizhou   | 1,535,888 | 14.1 | 18.9 | 15.3 | 51.5 | 0.2 | 286,588 | 18.7 | 96.3 |
| Yunnan    | 2,010,301 | 10.2 | 25.9 | 11.0 | 52.9 | 0.0 | 357,681 | 17.8 | 96.3 |
| Tibet     | 157,486   | 7.9  | 24.8 | 23.3 | 44.0 | 0.0 | 58,904  | 37.4 | 94.8 |
| Shaanxi   | 2,607,577 | 27.9 | 18.3 | 12.9 | 40.9 | 0.1 | 372,242 | 14.3 | 96.8 |
| Gansu     | 1,612,300 | 20.3 | 26.6 | 13.0 | 40.1 | 0.0 | 235,718 | 14.6 | 96.8 |
| Qinghai   | 356,556   | 24.8 | 25.5 | 10.9 | 38.8 | 0.0 | 63,880  | 17.9 | 92.1 |
| Ningxia   | 440,693   | 16.7 | 33.3 | 10.9 | 39.1 | 0.0 | 64,862  | 14.7 | 94.1 |
| Xinjiang  | 1,935,777 | 44.9 | 9.4  | 10.8 | 34.6 | 0.3 | 262,932 | 13.6 | 89.2 |

Source: State Statistical Bureau, *China Labour Statistical Yearbook*, 2003.



Though the economic benefits of decentralization were evident in these cities, their extra-constitutional and legal status preserved the flexibility and authority of the central government. As Zhu Guanglei points out, “the decision to list a number of cities separately under the plan was made in order to promote the development of – and give full play to – centrally located cities and to carry out the rectification of the relationships between the central government and geographical urban centers; yet, it began as a *policy decision* in the early 1980s and remains to this day a decision with no legal standing” (Zhu, 1997: 441, italics added). *Jihua danlie* is a mere administrative measure that the central government can rescind if it chooses to do so.

### Deputy Provincial Municipalities (DPMs)

Fifteen DPMs (*fu shengji chengshi*) make up the second (and closely related) group of extra-constitutional units. The status of DPM largely superseded that of *jihua danlie* and was introduced in 1994 by a joint decision of the Party center and the State Council.<sup>46</sup> Like line-item cities, these DPMs are not defined in the Constitution or the Organic Law on local government (Liu Dasheng, 2004: 3). From the standpoint of administrative management, they are placed under the authority of their respective provinces. In practice, DPMs have retained considerable autonomy over economic affairs,<sup>47</sup> though the boundaries of this autonomy are contested.<sup>48</sup> Following the creation of DPMs, only five of the original line-item cities remain: Qingdao, Ningbo, Dalian, as well as the two special Economic Zones of Shenzhen and Xiamen (Table 2.7).

DPMs stand between centrally administered municipalities and ordinary (prefecture-level) municipalities. Their mayors and Party

<sup>46</sup> Document No. 1 of the Central Commission for Organs Structure, 1994.

<sup>47</sup> For an account of the perceived benefits of “riding the train on line-item listing” by a leader who were initially skeptical of the policy, see Ningbo Municipal Government (n.d.).

<sup>48</sup> In February 2004, when a user was asked on a bulletin board system to explain the difference between *jihua danlie* and *fushengji chengshi*, the group reacted with pride for their city (Qingdao), which quickly generated into a debate about the rank of each kind of city, in relation to one another and to their provincial capital, and the true extent of their autonomy. See <http://bbs.e23.cn/Dispbb.asp?boardid=61andID=69728andpage=1>.

TABLE 2.7. *Special Cities at and above the Prefecture Level*

| City or District | Under Leadership of Line-Item | Original Cities | Prov. Level Cities | Dep. Prov. Level | Prov. Capital | SEZ Legislative Autonomy <sup>a</sup> |
|------------------|-------------------------------|-----------------|--------------------|------------------|---------------|---------------------------------------|
| Beijing          | Center                        |                 | X                  |                  |               |                                       |
| Shanghai         | Center                        |                 | X                  |                  |               |                                       |
| Pudong           | Shanghai                      |                 |                    | X <sup>b</sup>   |               |                                       |
| Tianjin          | Center                        |                 | X                  |                  |               |                                       |
| Chongqing (97+)  | Center                        |                 | X                  |                  |               |                                       |
| Chengdu          | Sichuan                       | X               |                    | X                | X             |                                       |
|                  |                               | X(1993)         |                    |                  |               |                                       |
| Chongqing (-97)  | Sichuan                       | X               |                    | X                |               |                                       |
| Harbin           | Heilongjiang                  | X               |                    | X                | X             |                                       |
| Wuhan            | Hubei                         | X               |                    | X                | X             |                                       |
| Guangzhou        | Guangdong                     | X               |                    | X                | X             | X(2000)                               |
| Qingdao          | Shandong                      | X               |                    | X                |               |                                       |
| Changchun        | Jilin                         |                 |                    | X                | X             |                                       |
| Xian             | Shaanxi                       | X               |                    | X                | X             |                                       |
| Shenyang         | Liaoning                      | X               |                    | X                | X             |                                       |
| Hangzhou         | Zhejiang                      |                 |                    | X                | X             |                                       |
| Jinan            | Shandong                      |                 |                    | X                | X             |                                       |
| Dalian           | Liaoning                      | X               |                    | X                |               |                                       |
| Nanjing          | Jiangsu                       | X               |                    | X                | X             |                                       |
| Ningbo           | Zhejiang                      | X               |                    | X                |               |                                       |
| Xiamen           | Fujian                        | X               |                    | X                | X             | X                                     |
| Shenzhen         | Guangdong                     | X               |                    | X                | X             | X                                     |
| Zhuhai           | Guangdong                     |                 |                    |                  | X             | X                                     |
| Shantou          | Guangdong                     |                 |                    |                  | X             | X                                     |

Note: Other ordinary provincial capitals are not included.

<sup>a</sup> Saich, 2004: 156–157.

<sup>b</sup> Chung and Lam, [2001] 2004: 951 n. 31.

Source: Ministry of Civil Affairs (2005).

secretaries enjoy the rank and perquisites of deputy provincial governors, while their vice mayors rank one step below, at the level of an ordinary “full” mayor (Liu Dasheng, 2004). Both the center and the provinces have a say in the appointment of their top city officials, but the center retains veto power. For example, when Wang Rongxuan was removed as Party secretary of Chengdu in June 2003, “following a *central* circular (*tongzhi*), the provincial CCP committee decided to

appoint comrade Li Chuncheng as member of the standing committee and Secretary of the Chengdu Party Committee” as his replacement.<sup>49</sup>

Other special privileges have been extended to select cities. In addition to the well-known creation of special economic zones, coastal cities and provincial capitals enjoy privileges in terms of foreign direct investment and trade, and a few have been granted a measure of legislative autonomy (Saich, [2001] 2004). The fact that most of these cities are also DPMs is no accident. In return for economic favors and higher status for local officials, the center also ensures a greater degree of political control over the leadership of these municipalities than in ordinary subprovincial entities.

### Deputy Prefecture-Level Cities

The demand for bureaucratic upgrading and the economic benefits that stem from them were equally strong at the lower levels. Provincial officials are keen on elevating these counties to a higher status because doing so gives them a direct say in the appointment of leaders (and they can claim resources) of the localities that are increasingly valuable. Since the performance of provincial officials is largely measured in terms of economic development, their incentive is to populate these elevated governments with officials who will deliver economic growth. In return, local officials get promotions, including the county leaders who have in a few instances extracted the rank of “deputy prefecture level” for their cities (Chung and Lam, 2004: 946–947).

One example is Chaozhou, in Guangdong. In 1958, it was established as a county-level city, but was soon merged into Chao'an County, a state of affairs that lasted until the reform era. In 1979, the system of *shi gai xian* was introduced. Chaoan County was abolished in 1983 and merged into Chaozhou city, still at the county level. In 1989, the city was placed under the direct administration of Guangdong province, and subsequently elevated to the rank of “deputy prefecture-level city” (*fu dijiishi*), thus allowing the Party secretary and the mayor (but not their deputies) to be appointed by Guangdong, rather than by the prefecture-level city. This hybrid status was short-lived, however, and in 1991, Chaozhou was again elevated to

<sup>49</sup> Chengdu Ribao, June 21, 2003; see [www.pengzhou.gov.cn/news/shownews.asp?newsid=1901](http://www.pengzhou.gov.cn/news/shownews.asp?newsid=1901).

TABLE 2.8. *Examples of Deputy Prefecture-Level Cities*

| Province       | City     | Comment                                       |
|----------------|----------|-----------------------------------------------|
| Guangdong      | Chaozhou | (1990–1991, promoted to <i>dijishi</i> )      |
| Guangdong      | Bao'an   | (3/1979–11/1979, promoted to <i>dijishi</i> ) |
| Inner Mongolia | Geermu   | (2002–)                                       |
| Hubei          | Tianmen  | (1990s)                                       |
| Gansu          | Tianshi  | (1984–1985, promoted to <i>dijishi</i> )      |
| Henan          | Jiyuan   | (1990s–)                                      |
| Anhui          | Bozhou   | (until 2000, promoted to <i>dijishi</i> )     |

Source: Author's database.

the rank of a prefecture-level municipality of even larger geographical size, incorporating several counties in the process.<sup>50</sup> (See Table 2.8.)

Dai Junliang – the premier expert on Chinese administrative divisions – has mocked these new administrative contraptions as “local grain coupons” (*difang liangpiao*) that only serve the purpose of raising the status (and wages) of local bureaucrats, making the system “not only confusing to foreigners, but equally unclear to many Chinese people” (Dai, 2000).

### County-Level Cities

Numerically, 369 county-level cities (CLCs) make up the largest group of new types of local governments with ambiguous legal standing (Table 2.9). Much of the debate about their status stems for the problem that in the Chinese administrative system, cities are not supposed to be controlled by other cities. Article 30 of the Constitution states that tier-two cities (*jiao da de chengshi*) can manage counties and urban districts. County-level cities are not mentioned. Thus, if one wanted to conform to the formal legal system, county-level cities should either be transformed into full-fledged municipalities managed by provinces or be turned back into ordinary counties.

This has obviously not been the case. Instead, the number of CLCs exploded from a mere 92 in 1978 to 393 in 2001 (Chung and Lam, 2004: 947). To some extent, the creation of county-level cities is an effort to diffuse frequent local conflicts between county and municipal governments and curtail the interference of the latter, particularly in

<sup>50</sup> See <http://cdleaders.people.com.cn/GB/channel38/7432/>.

TABLE 2.9. *Evolution of Urban Governments, by Category*  
(1978–2003)

|      | All Cities* | Prefecture-Level<br>Cities | County-Level<br>Cities | Urban<br>Districts |
|------|-------------|----------------------------|------------------------|--------------------|
| 1978 | 190         | 99                         | 91                     | n.a.               |
| 1979 | 216         | 104                        | 109                    | 520                |
| 1980 | 223         | 107                        | 113                    | 511                |
| 1981 | 226         | 110                        | 113                    | 581                |
| 1982 | 245         | 109                        | 133                    | 527                |
| 1983 | 281         | 137                        | 141                    | 599                |
| 1984 | 300         | 148                        | 149                    | 595                |
| 1985 | 324         | 162                        | 159                    | 620                |
| 1986 | 353         | 166                        | 184                    | 629                |
| 1987 | 381         | 170                        | 208                    | 623                |
| 1988 | 434         | 183                        | 248                    | 647                |
| 1989 | 450         | 185                        | 262                    | 648                |
| 1990 | 467         | 185                        | 279                    | 651                |
| 1991 | 479         | 187                        | 289                    | 650                |
| 1992 | 517         | 191                        | 323                    | 662                |
| 1993 | 570         | 196                        | 371                    | 669                |
| 1994 | 622         | 206                        | 413                    | 697                |
| 1995 | 640         | 210                        | 427                    | 706                |
| 1996 | 666         | 218                        | 445                    | 717                |
| 1997 | 668         | 222                        | 442                    | 727                |
| 1998 | 668         | 227                        | 437                    | 737                |
| 1999 | 667         | 236                        | 427                    | 749                |
| 2000 | 663         | 259                        | 400                    | 787                |
| 2001 | 662         | 265                        | 393                    | 808                |
| 2002 | 660         | 275                        | 381                    | 830                |
| 2003 | 660         | 282                        | 374                    | 845                |
| 2004 | 661         | 283                        | 374                    | 852                |
| 2005 | 661         | 283                        | 374                    | 852                |
| 2006 | 656         | 283                        | 369                    | 856                |

\*Including centrally administered municipalities.

Sources: Ministry of Civil Affairs of the PRC (2005), *Statistical Yearbook of China Civil Affairs*, 2004. Data since 2005 were compiled from <http://www.xzqh.org/yange/index.htm> (accessed March 14, 2007).

areas where vibrant county and township economies were deemed essential to the success of economic reforms (Liu Dasheng, 2004).

**Rules for Creating CLCs.** The State Council endorsed the efforts of the MCA to formalize rules for creating CLCs in 1986. The center

had already relaxed the quantitative restrictions in 1984, but after 1986, an alternative set of criteria was used. The circular specified that “counties with a population exceeding 500,000, where the non-agricultural population of the town [*zhen*] where the county people’s government is established normally exceeds 120,000, and the annual GDP exceeds 400 million Yuan” can be transformed into county-level cities.”<sup>51</sup> Natural population growth and inflation – rather than real growth alone – made it easier for more and more localities to apply for the upgrade. Remarkably, meaningful quantitative constraints were avoided: The population of the county seat had to exceed 70,000; “the county [had to] be an important industrial (or mining) and commercial base, an economic, cultural, scientific and transportation center in the area, and be a pole of attraction and diffusion for its peripheral townships and villages” (Zhu, 1997: 438). This could describe virtually every county on the Chinese eastern seaboard!

Unlike ordinary administrative decisions, the formation of a county-level city mobilizes all levels of government, from the county requesting a change of status all the way to the State Council in Beijing. Again, the nested hierarchy dominates: Autonomy is not a right. It can only be granted by the central government. A county must first report the matter to its municipal government. The matter is then “researched” and “investigated” and a recommendation reported to the provincial Department of Civil Affairs (*minzheng ting*). Under the principle of one-level-down management of local governments, counties cannot directly report to the province, but are required to secure the approval (or at the very least the neutrality) of the unit from which they seek greater autonomy! Once a request reaches the provincial level, an investigative team is jointly dispatched by the Ministry of Civil Affairs and the provincial department. Civil-affair authorities then follow up with recommendations to the Ministry, which issues an approval (*pifa*) with the endorsement of the State Council.

The Ministry’s approval is a crucial document: It not only grants the basic request but also outlines the broad conditions for the establishment of the CLC, particularly whether local boundaries will change and whether the total number of authorized posts (*bianzhi*) should be

<sup>51</sup> “Report on the Rectification of the Standards for the Establishment of Cities and the Conditions for Cities to Lead Counties,” cited in Zhu Zhifu (1991).

TABLE 2.10. *Gaoyou: Key Indicators Related to the Establishment of the CLC*

|                                             | 1988<br>(CLC Application Initiated) | 1991<br>(CLC Status Granted) |
|---------------------------------------------|-------------------------------------|------------------------------|
| County population                           | 817,700                             | 831,700                      |
| County GDP (at current prices, billion RMB) | 0.92                                | 1.14                         |
| Population of Gaoyou Zhen (county seat)     | n.a.                                | 82,427                       |

Sources: Lines 1 & 2: Jiangsu Statistical Bureau, 1994. Line 3: Yangzhou Yearbook Editorial Committee 1991: 512.

increased or not (Brødsgaard, 2002).<sup>52</sup> Finally, the *pifa* specifies which level of government will exercise bureaucratic authority over the new city. For example, when Gaoyou city was established, the MCA stated that its previous boundaries and *bianzhi* would remain unchanged, and decided to place the city under “direct administration of the provincial government.” (See Table 2.10.)

Once the MCA issues its approval on behalf of the State Council, provincial and subprovincial units must follow a number of steps to implement the decision legally. These take the form of a “decision” by the standing committee of the provincial people’s congress, followed by a similar document passed by the municipal PC. Although local people’s congresses are gradually becoming more lively bodies, LPC debates remain largely pro forma, particularly regarding matters involving provincial and central institutions. Yet central approval of a new CLC leaves some room for negotiation regarding the actual administrative relationships among the new city, the municipality, and the province.

As stated previously, the MCA can theoretically strip municipalities of any control over a CLC. In fact, the administrative handbook of the PRC (published by the MCA) listed all county-level cities of Jiangsu as “provincially administered cities” (*shengxiashi*), seemingly contradicting local documents issued at or below the provincial level. In reality, provinces can choose not to exercise their formal authority over cities, and delegate it (*daiguan*) to municipal governments. If the

<sup>52</sup> Usually, neither the boundaries nor *bianzhi* are changed.

province chooses not to do so, the management of key county leaders (above the level of deputy county head) becomes the responsibility of the provincial organization department. In practice, a recent circular suggests that municipal control of county-level cities is the norm, contrary to the Constitution (Ministry of Civil Affairs, 1999).

**Lax Implementation.** The 1986 standards for establishing a CLC were revised in 1993 and in 1999. High inflation in the late 1980s and early 1990s effectively lowered the criteria based on the GDP. In all instances of city creation since 1983, Jiangsu counties easily exceeded the official standard of 400 million yuan, even assuming constant prices.<sup>53</sup> Among counties not transformed into cities, only two small units still failed to meet it by 1993.<sup>54</sup> In practice, population size more than global output remains an impediment, although exceptions can be made where per capita output is unusually high: Three counties in Southern Jiangsu had fewer than 0.7 million inhabitants and were still transformed in CLCs.

The list of counties that failed to achieve city status in Jiangsu reveals that it is the size of the county seat that constrains CLC formation the most. Despite the lack of precise information on county towns, Jiangsu's northern counties remain very poor on a per capita basis and are mostly agricultural: Limited infrastructural development has traditionally limited the scope of the service sector and the size of the "nonagricultural population," two explicit criteria. However, in documented instances of CLC formation, these criteria are sometimes ignored. For instance, Yangzhou officials justified their decision to promote Gaoyou by arguing that it had met all the conditions specified by the MCA in 1986, even though Yangzhou's own publications show otherwise.<sup>55</sup>

<sup>53</sup> I used the provincial consumer price index as the deflator for all calculations of constant prices, as published in the *Jiangsu Statistical Yearbook*. At 1986 prices, the GDP criteria amounted to 811 million yuan in 1993. (See Jiangsu Statistical Bureau, 1994: 89)

<sup>54</sup> These are Jiangpu, a small county under the Nanjing municipal government, and Hongze, a poor county under Huaiyin, in Northern Jiangsu.

<sup>55</sup> In his speech before the municipal people's congress summarizing the process that ended with the creation of Gaoyou city, Yangzhou's vice mayor Zhu Zhifu claimed that all MCA criteria had been met. This could not possibly be the case since the *total* population of the county seat in 1991 remained well below the official threshold for the *urban* population in the *zhen*, as published by Yangzhou itself!



TABLE 2.11. *MCA 1999 Standards for Establishing County-Level Cities*

|                                           |                             |
|-------------------------------------------|-----------------------------|
| Nonagricultural population in county seat | 150,000 inhabitants         |
| – of whom pop. density                    | > 50 person/km <sup>2</sup> |
| GDP                                       | > 2.5 billion. RMB          |
| – of which service sector                 | > 30%                       |
| Fiscal revenue                            | > 150 million RMB           |

Source: Ministry of Civil Affairs, 1999.

The central government has acknowledged that MCA rules have been only weakly enforced. Commenting on the reports of civil affairs officials and scholars who assessed county reform in Jiangsu, Minister Cui Naifu conceded that the “traditional model for establishing cities is inadequate” and that “the criteria . . . are incomplete [and] hard to operationalize” (Cui Naifu, 1990: 8). But Cui also stressed that city formation should not be regarded as a mere validation of economic and social processes, but as a long-term strategy of orderly growth: The center’s line (*fangzhen*) is to “control the scope of large cities, rationally develop medium-sized cities, and positively develop small cities” (ibid.: 6). Recent circulars confirm this trend (Ministry of Civil Affairs, 2003).

Despite variations in policy implementation *within* provinces, the formation of CLCs broadly correlates with economic development. Excluding the centrally administered cities,<sup>56</sup> the proportion of CLCs among all county-level units (ordinary counties, urban districts and CLCs) is positively correlated with per capita GDP. (See Table 2.11.) Not surprisingly, the prevalence of CLCs is also largely a coastal phenomenon: In the Chinese hinterland, they still amount to less than 10% of all county-level governments.

***The Political Logic of “Bureaucratic Urbanization.”*** What do counties stand to gain by becoming CLCs, and why have central, provincial, and municipal authorities allowed their rapid growth? First, this status benefits local cadres. Cities can justify the creation of Party and

<sup>56</sup> Since Beijing, Tianjin, and Shanghai are provincial-level municipalities, their urban districts and counties rank somewhere between county-level units and prefecture-level units; since their structure of local government is not strictly comparable to other provinces and regions, they are excluded from the analysis.

government bureaus, offices, and commissions more easily than can ordinary counties. Consider Gaoyou again. Both the approval issued by MCA and the decision of the provincial government explicitly stated that the new CLC status did not affect the total number of institutions and posts within Gaoyou's government. By the end of 1996, barely five years after the decision, its leadership roster listed as many as 28 commissions, bureaus, and offices that had not existed in 1990, the last full year of existence of the county government. Some of these are not of Gaoyou's making alone, as they also reflect mandates emanating from the center.<sup>57</sup> Others include bureaus elevated to the status of commission, but most are simply new appendages of the expanded city government.<sup>58</sup>

Furthermore, county leaders regard the establishment of a CLC as a formal endorsement of their good leadership. Central leaders typically present urbanization as the positive by-product of successful economic modernization: "the reduction in the number of counties is a good thing; this is an important indicator and inevitable outcome of economic prosperity and social development" (Zhu, 1997: 405). A decision to create a CLC greatly enhances the status of local leaders as zealous followers of reform.<sup>59</sup>

Moreover, tangible benefits accrue to the county as a whole, as well as to its leading cadres. Ordinary counties have very limited access to nonagricultural infrastructural funds usually reserved for urban local governments. Besides investments that benefit agricultural output, only the poorest counties can draw on additional centrally funded projects if they qualify as "poor counties." In relatively developed provinces, ordinary counties by provincial standards are institutionally cornered: They are excluded from point projects aimed at poor provinces, but are institutionally denied access to funds that are required to enhance their infrastructure and long-term development prospects. Obtaining the status of a CLC provides the distinct advantage of maintaining

<sup>57</sup> These include formal separation of the tax bureau into a "State Tax Bureau" and a "Local Tax Bureau."

<sup>58</sup> For instance, the "County Construction Bureau" became the "Urban Construction Commission."

<sup>59</sup> On the relationship between economic development and "bureaucratic urbanization," see also "China Needs to Establish 102 New Cities," *People's Daily*, July 3, 1995, and Liu Junde, 1996).

access to ordinary funds for rural development while simultaneously increasing access to urban infrastructural funds.<sup>60</sup>

The formation of CLCs also impacts local investment behavior. In order to measure its magnitude, I used county-level data on new annual investment in the state sector, and calculated the share of investments in urban districts (*shiqu*) relative to the entire municipality (or prefecture). This provides a rough measure of the urban/rural divide in the allocation of resources under government control.

From 1972 to 1983, the share of investments to urban areas increased in all areas, and in most municipalities, the trend continued after prefectural reform. Remarkably, the tendency was reversed only in municipalities where the proportion of county-level cities is large: In northern Jiangsu, where CLCs are rare, urban districts under the municipal governments continued to benefit disproportionately. What is more, in areas where prefectural authorities wielded more power than elsewhere in the province due to the sheer size of the territory under their control, counties did attract a significant share of state investments before 1983. Once the municipalities of Yangzhou and Huaiyin were established, the trend was dramatically reversed, a strong indication that municipalities used their new power to allocate resources away from the counties under their jurisdiction. In contrast, urban areas lost to peripheral counties in municipalities where CLCs dominate. Suzhou – which pioneered the model of an all-CLC municipality – saw the share of state investments in urban districts drop dramatically. A similar trend, albeit at a slower pace, is also observable in Zhenjiang, Changzhou, and Wuxi, three municipalities where the proportion of CLCs is also high. Table 2.12 shows the impact of the bureaucratic status of Jiangsu's localities on their ability to attract investment in fixed assets in excess of their population share in their respective municipalities. While urban districts attract a disproportionate amount of investment, CLC status seems to reduce this bias.<sup>61</sup>

The formation of CLCs increases county autonomy and weakens municipal authority in economic affairs. Yet economic decentralization

<sup>60</sup> However, Chung and Lam (2004: 957) point out that the fiscal advantage of CLCs is not as obvious as those that stem from a promotion to full-fledged municipality.

<sup>61</sup> Notice that the bias is far greater in Northern Jiangsu than in either *Sunan* (Southern Jiangsu dummy) or the area around the provincial capital (Nanjing dummy).

TABLE 2.12. *Relationship between Investment in Fixed Assets and Bureaucratic Status of County-Level Units in Jiangsu (1998)*

| Dependent variable: Fixed investment per capita in the county |         |          |             |
|---------------------------------------------------------------|---------|----------|-------------|
| Number of observations: 77                                    |         |          |             |
| Adjusted $R^2 = 0.83$                                         |         |          |             |
| $F(4, 72) = 95.25$                                            |         |          |             |
| Model probability $< .0001$                                   |         |          |             |
|                                                               |         | $\beta$  | Robust S.E. |
| Urban area                                                    | (dummy) | 2.768    | 0.155***    |
| County-level city                                             | (dummy) | 0.217    | 0.132       |
| South Jiangsu                                                 | (dummy) | -0.423   | 0.135***    |
| Nanjing                                                       | (dummy) | -0.628   | 0.201***    |
| Constant                                                      | 0.696   | 0.085*** |             |

Note: \*\*\* implies  $p < .001$ . For each municipality, urban areas combine all urban districts. South Jiangsu denotes all units on the right bank of the Yangtze River.

Source: Jiangsu Statistical Bureau, *Jiangsu Statistical Yearbook*, 1999: 363-385 and 402-404.

should not be confused with an overall decline in the political capabilities of the local state. To a large degree, this weakening of municipal governments benefits provincial authorities: When they are granted the privilege, line-item status within the province allows the CLCs to negotiate directly with provincial economic institutions, thus restoring a lever of direct control that had been lost to municipalities with the 1983 reforms.

The extended reach of the provinces to county-level cities illustrates the limitations of a one-dimensional view of the relationship between decentralization and state capacity. In China, localities may enjoy a high degree of autonomy over economic affairs, but they never control the appointment and promotion of their own core leadership. To the extent that Jiangsu's experience with CLCs is generalizable, it demonstrates that granting more economic power to some county units at the expense of their municipal superiors can also (and quite paradoxically) increase provincial power and control in the areas that benefit the most from economic decentralization.

## CONCLUSION

The Chinese model of local governance under reform has been remarkably flexible, exhibiting the features of the authoritative allocation of power and resources common to unitary states, as well as the diversity in substantive outcomes of many federal systems. Yet the evolution of interlocal relations also demonstrates a degree of institutional autonomy unexpected of an authoritarian regime.

Beijing's institutional choices also reveal the center's strong risk aversion. Throughout much of Chinese history, counties have remained the most permanent level of local government, one that the state can effectively penetrate, including in periods of political turbulence. Deng and his successors have been careful to avoid experimenting with an institution that could possibly threaten this reach: they have allowed communes to be abolished and replaced by townships and prefectures to merge with municipalities. They have also experimented with new types of municipalities, but by and large, the county level – be they ordinary counties, CLCs, or urban districts – is the least-contested level of local government in China.

In terms of personnel management, provinces have benefited from Beijing's decision to withdraw from direct control of cadres beyond the top tier of provincial leaders, but their autonomy is strictly bounded: Throughout the entire history of the People's Republic, provincial leaders have been the only category of local officials to remain consistently managed from the center, irrespective of the vicissitudes of personnel policy or economic decentralization. In contrast, the center has considerably strengthened the hand of municipal governments by expanding their jurisdiction to rural counties. Municipalities (and, to a lesser extent, county-level cities) emerged as the center's core constituency for reforms.

Yet the history of decentralization since the 1980s is inextricably tied to China's Leninist legacies. The principle that a clear specification of the ranks of officials, as well as the institutions where they serve, should define the nature of authority relations between locales remains valid. More importantly, the principle that any level of government always retains ultimate authority over the appointment of core officials at the lower levels under its jurisdiction is still a crucial bureaucratic norm in contemporary China.

Nevertheless, reforms have accomplished the feat of maintaining traditional Maoist norms while inducing the formation of complex webs of interlocal relationships. Powers over personnel management, resource allocation, and bureaucratic authority are no longer concentrated at a single level of government but are instead parceled out in a fashion that fosters checks and balances among locales. This state of affairs is certainly consistent with the “fragmented authoritarian” view of Chinese politics under reform (Lieberthal and Oksenberg, 1988). Yet despite decentralization, interlocal relations are much more institutionalized than the model of fragmentation seems to suggest. Not only do formal rules matter, but they have also fundamentally structured and constrained the evolution of Chinese decentralization over the past two decades. The fact that Beijing devolved critical powers to the locales is undisputed. Yet one can hardly explain why China’s local governments evolved the way they did without referring to the formal institutions and the political consequences of the rules of the game devised by the center.

The structure of intergovernmental relations since the 1970s provides one of the clues to the puzzle of China’s enduring regime in an era of extensive decentralization. Why have the reforms (and their considerable deepening in the post-Deng era) not led to a fundamental weakening of the local state and the disintegration of authority relations? The answer lies in the Leninist legacies within the Chinese polity, combined with the institutional creativity of the reform era: Each layer of local government is critically constrained by the capacity of a hierarchically superior unit to appoint, remove, or dismiss the leading officials in the locale in question, regardless of its economic importance. Personnel management is the glue that turns the fragments of the Chinese local state into a coherent – albeit colorful – mosaic.

## Promoting High-Level Generalists

### *The Management of Mayors*

During the reform era, the center of gravity of the Chinese political economy tilted decisively toward cities. The unprecedented pace of China's economic transformation favored urban growth, which in turn increased the political relevance of municipalities and the officials who rule them. Cities now control a far greater share of the country's resources than at any point in the history of the People's Republic. In 2000, municipalities accounted for 51.8% of China's GDP, 50.1% of its industrial output, and 76% of the value of services (Jiang and Cui, 2001). This increased economic might was largely purposeful. The center aimed some of its boldest reform initiatives at municipalities, symbolized by the early creation of special economic zones as early as 1979 (Crane, 1990; Kleinberg, 1990). After 1984, economic decentralization was generalized to other areas, but Premier Zhao Ziyang stressed that coastal cities would enjoy economic privileges that would not be extended to the less developed and more rural hinterland (D. Yang, 1990). The leadership's urban bias survived the crisis of 1989: Until 2002, Jiang Zemin and Zhu Rongji – both former mayors and Party secretaries in Shanghai – presided over further reform initiatives that benefited cities (Naughton, 1995; Wang and Hu, 1999).

In parallel with their rapid economic transformation, cities also enjoy greater formal institutional weight. As I detailed in Chapter 2, their number rose very rapidly – from fewer than 200 in 1978 to more than 660 today – but more importantly, their formal bureaucratic rank, as well as those of the cadres who rule them, has also been increased.

Many county seats have been elevated to the status of “prefecture-level municipalities” (*diji shi*), and fifteen cities now have “vice-provincial” rank (*fushengji shi*).<sup>1</sup>

In this chapter, I examine how the personnel management system operates among local politicians who have enormous authority and control vital assets of the Chinese economy. Mayors constitute a critical level where we can test the impact of economic decentralization on political control over local elites: Unlike provincial governors and Party secretaries, municipal leaders fall outside the direct purview of the central government. With few exceptions, they are appointed by the provinces, a rule that makes the municipal level vulnerable to capture by local interests. At the same time, Beijing must ensure that localities that are vital to the national economy continue to grow.

Analyzing the promotions of mayors can therefore give us leverage on questions that cannot be answered through a traditional central-provincial lens. We can test whether the provincial Party committees that control local appointments are indeed complying with the center’s policy objectives; if differences do exist across provinces, we are in a position to measure the magnitude of these differences. The municipal level is also a richer terrain where we can observe the behavior of provincial Party committees because mayors are upwardly mobile: In recent years, the composition of the top echelon of Party leaders has reflected the importance of experience as mayors and municipal secretaries for promotion to higher political office. Besides a promotion to the post of municipal Party secretary, mayors can expect a variety of possible promotions both in the provinces and at the center. Many provincial vice governors and deputy Party secretaries are also recruited from the pool of municipal officials. Several current or former mayors of China’s largest cities have the rank of deputy or full provincial governor, and sometimes even sit as alternate (more rarely full) members of the CCP’s Central Committee.<sup>2</sup>

<sup>1</sup> Dalian, Guangzhou, Xian, Shenyang, Wuhan, Ningbo, Hangzhou, Chengdu, Nanjing, Shenzhen, Qingdao, Harbin, Changchun, Xiamen and Jinan. Chongqing became a centrally administered municipality in 1997.

<sup>2</sup> This group extends beyond the well-known “Shanghai Faction” (Jiang Zemin, Zhu Rongji, Wu Bangguo, and Chen Zhili), including among others: Li Ruihuan (former mayor of Tianjin); State Councilor Wu Yi (former vice mayor of Beijing); Yu Zhengsheng (minister of construction and former mayor and CCP secretary of both Yantai and Qingdao); and Chen Yaobang (minister of agriculture, and former deputy CCP secretary of Wuxi).



### **Municipal Governance in the Era of Marketization**

The central government does not exercise direct political control over most cities: Beijing controls the provinces, which in turn exercise nomenklatura authority over mayors and municipal secretaries. Yet the bureaucratic distance between municipalities and Beijing is the smallest among all tiers of Chinese local governments. Top Party and government officials frequently visit cities on “inspection tours” and interact with their senior officials. These visits supplement the formal reporting system by providing the leadership with a more intuitive knowledge of municipal affairs, more so than of other levels of government. This information can be used, in turn, to influence cadre careers since the Central Organization Department often draws from the upper crust of local officials in order to fill key appointments to provincial and central institutions. Municipal cadres also have a strong incentive to comply with central policies: Not only does further political advancement require the approval of the Party center, but the extensive dissemination of formal and informal information about cities also raises the spectrum of dismissal from office if their performance is deemed inadequate.

Mayors have a broad mandate to “govern well,” but they must do so under market pressures that increasingly constrain the capacity of local governments to control local outcomes. *Prima facie*, performance standards are clearly spelled out and uniform across cities. The China Urban Development Research Committee (CUDRC, 2001) lists thirty-three socioeconomic indicators of municipal modernization and rates cities accordingly. (See Table 3.1.) The linkage between performance and promotion is even highlighted visually, with the mayor’s name, picture, and short biography prominently displayed above the table!

Many objectives of good governance do not necessarily measure outcomes that municipal governments can control directly. For example, the share of services in the GDP (Indicator 3) depends heavily on the size of the nonstate sector in the local economy. Similarly, openness to international trade (Indicator 5, calculated as imports + exports/GDP) is affected in part by global market conditions that local officials hardly control. These indicators probably measure the pace of the localities’ economic modernization, but it is harder to argue that

TABLE 3.1. *Municipal Performance Indicators of 104 Cities (2000)*

|                                     | Indicator                                                                      | Target         | Weight   | Mean  | S.D. | Min  | Max.  |
|-------------------------------------|--------------------------------------------------------------------------------|----------------|----------|-------|------|------|-------|
| Economic development<br>(28 points) | 1 GDP per capita (U.S. dollars)                                                | 5,000 and over | 8 points | 2.59  | 1.66 | 0.46 | 8.00  |
|                                     | 2 Share of nonagricultural sectors in GDP (%)                                  | 90 and over    | 4 points | 3.74  | 0.43 | 2.15 | 4.00  |
|                                     | 3 Share of services in GDP (%)                                                 | 55 and over    | 4 points | 2.97  | 0.68 | 1.13 | 4.00  |
|                                     | 4 Contribution of technical progress to GDP (%)                                | 50 and over    | 4 points | 3.29  | 0.69 | 0.40 | 4.00  |
|                                     | 5 Imports + exports/GDP                                                        | 45 and over    | 4 points | 1.43  | 1.30 | 0.00 | 4.00  |
|                                     | 6 Degree of urbanization (%)                                                   | 60 and over    | 4 points | 2.81  | 1.15 | 0.46 | 4.00  |
| SUBTOTAL                            |                                                                                |                |          | 16.10 | 3.89 | 5.86 | 27.06 |
| Human capital<br>(17 points)        | 7 Literacy rate among people age 15 and above (%)                              | 95 and over    | 3 points | 2.95  | 0.15 | 1.85 | 3.00  |
|                                     | 8 Proportion of the population with vocational college education and above (%) | 10 and over    | 3 points | 2.06  | 0.94 | 0.01 | 3.00  |
|                                     | 9 Educational expenditure as % of GDP                                          | 5 and over     | 3 points | 1.09  | 0.69 | 0.01 | 3.00  |
|                                     | 10 Average life expectancy (years)                                             | 75 and over    | 4 points | 3.87  | 0.13 | 3.47 | 4.00  |
|                                     | 11 Reduction in natural growth rate of the population (per thousand)           | 5 and below    | 2 points | 1.63  | 0.44 | 0.52 | 2.00  |
|                                     | 12 Death rate during delivery (per thousand)                                   | 10 and below   | 2 points | 1.67  | 0.49 | 0.46 | 3.00  |
| SUBTOTAL                            |                                                                                |                |          | 12.07 | 3.19 | 1.37 | 16.96 |
| Quality of life<br>(22 points)      | 13 Engel's Index (%)                                                           | 30 and below   | 4 points | 3.13  | 0.42 | 1.71 | 4.00  |
|                                     | 14 Available housing space per capita (m <sup>2</sup> )                        | 18 and over    | 2 points | 1.68  | 0.38 | 0.79 | 3.16  |
|                                     | 15 Electricity use per capita (kilowatts per hour)                             | 600 and over   | 2 points | 1.03  | 0.56 | 0.20 | 3.00  |
|                                     | 16 Phone penetration per 100 peoples (units)                                   | 50 and over    | 2 points | 1.33  | 0.58 | 0.18 | 2.00  |
|                                     | 17 Home computer utilization ratio (%)                                         | 20 and over    | 2 points | 0.84  | 0.60 | 0.00 | 2.00  |
|                                     | 18 Number of commercial points (per 10,000 people)                             | 100 and over   | 2 points | 1.78  | 0.42 | 0.44 | 2.00  |

(continued)

TABLE 3.1 (continued)

|                                      |    | Indicator                                                       | Target                 | Weight     | Mean  | S.D.  | Min  | Max.  |
|--------------------------------------|----|-----------------------------------------------------------------|------------------------|------------|-------|-------|------|-------|
|                                      | 19 | Number of financial points (per 10,000 people)                  | 10 and over            | 2 points   | 0.94  | 0.49  | 0.09 | 2.00  |
|                                      | 20 | Number of libraries, museums, and theaters (per 10,000 people)  | 1 and over             | 2 points   | 0.81  | 0.66  | 0.06 | 2.00  |
|                                      | 21 | Number of doctors' visits (per 10,000 people)                   | 50 and below           | 2 points   | 1.24  | 0.57  | 0.01 | 2.52  |
|                                      | 22 | Number of criminal cases (per 10,000 people)                    | 15 and below           | 2 points   | 1.21  | 0.70  | 0.18 | 2.01  |
| SUBTOTAL                             |    |                                                                 |                        |            | 13.22 | 2.86  | 2.72 | 21.87 |
| Environmental protection (18 points) | 23 | Coverage of green areas                                         | 35 and over            | 3 points   | 2.38  | 0.75  | 0.09 | 3.00  |
|                                      | 24 | Availability of public green space per capita (m <sup>2</sup> ) | 10 and over            | 3 points   | 1.94  | 0.77  | 0.28 | 3.00  |
|                                      | 25 | Treatment of used industrial water (%)                          | 90 and over            | 3 points   | 2.63  | 0.61  | 0.20 | 3.00  |
|                                      | 26 | Treatment of used household water (%)                           | 60 and over            | 3 points   | 1.86  | 0.93  | 0.04 | 3.00  |
|                                      | 27 | Handling of garbage (%)                                         | 80 and over            | 3 points   | 2.54  | 0.79  | 0.13 | 3.00  |
|                                      | 28 | Air pollution level (grade)                                     | Second Grade and below | 3 points   | 2.76  | 0.44  | 1.50 | 3.00  |
| SUBTOTAL                             |    |                                                                 |                        |            | 13.02 | 3.10  | 2.34 | 18.00 |
| Key Infrastructure (15 points)       | 29 | Availability of paved roads per capita (m <sup>2</sup> )        | 10 and over            | 3 points   | 2.24  | 0.73  | 0.36 | 3.00  |
|                                      | 30 | Utilization of motorized vehicles (per 10,000 people)           | 1,000 and over         | 3 points   | 1.66  | 0.97  | 0.02 | 3.00  |
|                                      | 31 | Availability of running water (%)                               | 100                    | 3 points   | 2.82  | 0.46  | 0.81 | 3.00  |
|                                      | 32 | Consumption rate of natural gas (%)                             | 100                    | 3 points   | 2.45  | 0.65  | 0.37 | 3.00  |
|                                      | 33 | Number of domestic and international air routes (N)             | 30 and over            | 3 points   | 1.89  | 1.18  | 0.10 | 3.00  |
| SUBTOTAL                             |    |                                                                 |                        |            | 10.03 | 2.34  | 3.98 | 15.00 |
| TOTAL                                |    |                                                                 |                        | 100 points | 64.45 | 11.16 | 27.5 | 90.33 |

*Source:* Data compiled from CUDRC, *China Urban Yearbook*, 2001.

TABLE 3.2. *Test of Colinearity between Key Components of the CUDC Municipal Performance Index*

Dependent variable: Infrastructure index: Regression with robust standard errors (N = 104)

|                   | $F(1, 102) = 23.86$ | Prob > F    | 0.00 |
|-------------------|---------------------|-------------|------|
|                   | $R^2 = 0.22$        | Root MSE    | 2.07 |
| Variable          | Coef.               | Robust S.E. |      |
| Environment index | 0.358               | 0.073       | ***  |
| Constant          | 5.367               | 1.040       | ***  |

Dependent variable: Economic performance index: Regression with robust standard errors (N = 104)

|                       | $F(1, 102) = 37.75$ | Prob > F    | 0.00 |
|-----------------------|---------------------|-------------|------|
| $R^2$                 | 0.26                | Root MSE    | 3.37 |
| Variable              | Coef.               | Robust S.E. |      |
| Quality of life index | 0.692               | 0.113       | ***  |
| Constant              | 6.947               | 1.511       | ***  |

*Note:* The data are based on the subset of cities (N = 104) for which performance indicators are published. They do not represent a complete set of all Chinese cities.

*Source:* CUDRC, *China Urban Yearbook*, 2001.

they measure the leadership's contribution to the modernization of the local economy *accurately*.

These indicators are powerfully biased toward GDP performance: Not only does the set of criteria that seeks to measure "economic development" account for almost a third of the overall index, but other factors are also strongly correlated with output growth, either by construction (Indicator 9) or indirectly (Indicators 10, 11, and 12, *inter alia*). Simple colinearity tests between the main components of the index confirm that the indicators are deceptively broad. (See Table 3.2.)

As coarse a measure of economic success as it may be, GDP performance was used throughout the Jiang-Zhu administration (and only to a slightly lesser extent after Hu Jintao became general secretary) as a key benchmark by which to evaluate the performance of local officials. In the 1990s, Premier Zhu was even nicknamed "Mr. Seven Percent" for repeatedly emphasizing hard quantitative targets for GDP growth,

which local officials felt compelled to meet even at the expense of other desirable goals, such as environmental protection.<sup>3</sup>

The “mindless pursuit of GDP growth”<sup>4</sup> also has the effect of exaggerating performance gaps across localities. The rise of regional disparities has been well documented across provinces (Wang and Hu, 1999), but the differences are even more pronounced among subprovincial units.<sup>5</sup> Large inter- and intraregional disparities have disturbing implications for the Party authority. At worst, persistently poor performance undermines the credibility of the regime’s claimed successful transition to a “socialist market economy with Chinese characteristics.” If the CCP is serious about penalizing poor and rewarding good governance, career patterns among local cadres should reflect this heavily differentiated landscape: Officials posted in fast-growing cities ought to be promoted more frequently than their counterparts posted in regions in relative economic decline.

In summary, China’s rapid economic transformation has aggravated the Party’s adverse selection problem. Provincial CCP committees may have the power to appoint and dismiss mayors, but this institutional strength remains theoretical in the absence of accurate ways to measure the leadership abilities of local officials. As marketization deepens, it is increasingly difficult to map the economic performance of the localities to the specific action of officials.

#### CHINA’S MAYORS

The collection of local political data in the PRC is a challenging task. Information about provincial leaders is now widely available, but

<sup>3</sup> “China to See 7 Percent Annual Growth in Next 5 Years,” *People’s Daily* (English online edition), March 5, 2001. [http://english.people.com.cn/english/200103/05/eng20010305\\_64091.html](http://english.people.com.cn/english/200103/05/eng20010305_64091.html).

<sup>4</sup> Premier Wen Jiabao implicitly criticized the Jiang–Zhu legacy in his report to the NPC in 2005 in which he attacked the “mindless pursuit of GDP growth” as wasteful. See Sonia Kolesnikov-Jessop, “China Economic Policy Steady for 2005,” *Washington Times*, March 5, 2005.

<sup>5</sup> This part of the analysis is limited to the set of 104 cities for which all 33 performance indicators are available. Unfortunately, indicators and related indices have only been published by the CUDCR since 2000. The remainder of the article is based on a much broader cross-section time-series political-economic data set.

this is decidedly *not* the case below the provincial level. Until recently, even lists of local officials were typically not published below the provincial level, let alone detailed biographical information about the cadres in question! Thus, practical considerations also motivate my focus on mayors: They are the lowest level of local cadres for whom reasonably systematic biographical information is publicly available. Since the late 1980s, the Chinese Urban Development Research Council publishes biographical notices of mayors annually (CUDRC, 1985; Li and Bachman, 1989). I combined this information with a cross-section time-series data set of municipal performance, supplemented with data gathered from a variety of sources that allow one to track, with reasonable confidence, cadre careers after their terms as mayor.<sup>6</sup>

Chinese mayors are typically well-educated men in their fifties and overwhelmingly *Han*.<sup>7</sup> They share the broad characteristics of provincial officials (e.g., more than two-thirds have received some form of tertiary education), and they are younger. Whereas Bo Zhiyue (2002) reports a mean age of 55.5 years among governors, male mayors typically are just above 50 and their female counterparts just above 48. In contrast to provincial officials, ethnic minorities seem underrepresented (under 5%), a low number that also reflects the concentration of municipalities in coastal *Han*-dominated provinces.

Formal personnel regulations (CCP Central Organization Department, [1995] 2002) strongly suggest that the odds of promotion depend on a cadre's personal characteristics. The rule of retirement (at sixty for most cadres, fifty-five for women) constrains career prospects heavily, but has also been conducive to a considerable improvement in the overall level of education among municipal officials, since newly appointed mayors have typically been better trained than their predecessors. (See Tables 3.3 and 3.4.)

<sup>6</sup> In addition to the biographical notices of the CUDRC, leadership information was compiled from local and provincial yearbooks, the *China Urban Development Report 2000* (Wang Shuhua, 2001) and issues of *China Directory*, as well as municipal government Web sites. Special thanks to Julie Zeng, Yumin Sheng, and Shiru Wang for their research assistance, and to the Universities Service Center for China Studies at the Chinese University of Hong Kong, whose extensive collection of local yearbooks made this data-collection effort possible.

<sup>7</sup> Namely, somebody who does not belong to any officially recognized ethnic minority.

TABLE 3.3 *Level of Education among Mayors (1990–2001), Percentage by Gender Group*

|                                       | Male  | Female |
|---------------------------------------|-------|--------|
| Graduate level                        | 15.04 | 20.00  |
| College                               | 49.40 | 47.27  |
| Vocational college ( <i>dazhuan</i> ) | 18.30 | 27.27  |
| High school <sup>a</sup>              | 02.71 | 00.00  |
| Other <sup>b</sup>                    | 14.56 | 05.45  |
| NUMBER OF OBSERVATIONS                | 2514  | 55     |

Notes: Unit of analysis is mayor-year.

<sup>a</sup> Including vocational education (*zhongzhuan*).

<sup>b</sup> Including missing data.

Source: Author's database.

TABLE 3.4. *Gender Distribution and Ethnic Minority Status of Mayors (1990–2001)*

|           | Mean (%) | Standard Deviation |
|-----------|----------|--------------------|
| Gender    |          |                    |
| Male      | 50.46    | 4.96               |
| Female    | 48.03    | 4.35               |
| TOTAL     | 50.40    | 4.96               |
| Ethnicity |          |                    |
| Han       | 50.43    | 4.98               |
| Minority  | 50.58    | 4.74               |
| TOTAL     | 50.58    | 4.97               |

Note: Observations are mayor-years.

Source: Author's database.

The enforcement of the retirement age is no longer controversial, and the rules are strictly enforced. The mayors' average age has hovered around 50 since 1990, well within formal regulatory limits. Mayors are always removed from office by the age of 60, unless they serve in deputy-provincial-level cites or centrally administered municipalities, where the formal retirement age is higher. Even in this group, no one has been allowed to remain in office beyond the age of 64.<sup>8</sup> (See Table 3.5.)

<sup>8</sup> Li Ziliu, mayor of Guangzhou, was 64 when he was replaced in 1996.

TABLE 3.5. *Age Distribution among Mayors (1990–2001)*

| Year | N   | Mean | Std. Dev. | Min. | Max. |
|------|-----|------|-----------|------|------|
| 1990 | 197 | 50.5 | 5.4       | 35   | 63   |
| 1991 | 198 | 50.4 | 4.9       | 36   | 63   |
| 1992 | 196 | 50.6 | 5.3       | 36   | 64   |
| 1993 | 176 | 50.3 | 4.8       | 37   | 62   |
| 1994 | 175 | 50.9 | 4.7       | 38   | 62   |
| 1995 | 183 | 50.9 | 5.1       | 34   | 63   |
| 1996 | 162 | 50.7 | 5.1       | 35   | 64   |
| 1997 | 164 | 50.8 | 5.1       | 39   | 61   |
| 1998 | 175 | 50.0 | 4.8       | 37   | 61   |
| 1999 | 194 | 50.2 | 4.7       | 38   | 62   |
| 2000 | 205 | 49.6 | 4.6       | 38   | 63   |
| 2001 | 202 | 49.7 | 4.8       | 36   | 63   |

Source: Author's database.

### Term Limits

Legally, term limits do not apply to mayors and other local officials. Both the Organic Law on local government and the state Constitution refer to “terms of office” (*renqi*), but they impose no limit on the number of times that local cadres can be reappointed to a specific post. The issue is controversial because limits exist according to Party rules. Since many officials serve concurrently as state and Party cadres, these inconsistencies have been a source of confusion. The director of the Organization Department of Xiangfan City (Hubei province) remarked that even though the Party Constitutions specifies term limits for Party committees, this was not the case in either the 1995 temporary regulations on cadre appointments) or the “Temporary Regulations on Civil Servants,” and urged that they be modified accordingly. He further warned that as these reforms were being considered, the optimal length of tenure was a serious issue. If it were too short, “worthy [cadres] would not have time to reveal themselves” and the reforms would amount to “nothing but empty talk” (Wang Shuhua, 2001; see also Yin, 2003).

Long tenures increase the risk that entrenched elites will indulge in graft and corruption, but they also weaken Party authority: obviously, the shorter the tenure, the greater the number of opportunities to appoint replacements, enhancing the political control of Organization



Departments and Party committees. Recall that each (re)appointment is subject to both the review and authorization of the relevant Organization Department. In addition, the higher-level Party committee has an opportunity to veto lower-level appointments, which must be reported “for information” (*bei'an*). The importance of the debate on term limits was such that it was incorporated into Jiang Zemin’s report before the 16th Party Congress in 2002. The section on “Deepening the Reforms of the Cadre and Personnel System” emphasized that

[w]ith regard to leading cadres of the Party and government, it is necessary to implement the system of fixed tenures [*renqi*], the system of resignation and the system of accountability for neglect of supervisory duty or the use of the wrong person. It is necessary to improve the system of giving cadres both positions and ranks and establish an incentive and guarantee mechanism for them. (Jiang Zemin, 2002)

Legal niceties aside, the CCP has already acted informally to reduce the tenure of local officials. Among mayors, the actual time served in office has shrunk well below the full length of the five-year term to which they are officially appointed. Of course, natural attrition due to death, disease, or retirement implies that, under any system of term limits, politicians cannot always complete their terms. Yet turnover among Chinese municipal officials is extremely high. Among mayors, the average length of tenure has been steadily shrinking from an average of 3.2 years in 1990 to a mere 2.5 years by 2001. Few mayors ever serve a full term: In 1990, 42 of them had served more than five years in the same city, against only 10 in 2002. (See Figure 3.1.)

The Party has structured rules and regulations in such a way that Party committees retain discretionary control over the tenure of cadres under their direct nomenklatura control. The Party Constitution spells out rules for the terms of office, but it also grants Party committees the direct authority to remove officials if they deem it necessary. These removals are not merely disciplinary: Local cadres, including mayors, are routinely transferred, reassigned, or promoted to other localities or functional departments of the Party, the government, mass organizations, or even state enterprises.

This form of Party intrusion in local cadre management – and the leadership instability it generates – has not gone unnoticed. In Liaoning, a member of the standing committee of the provincial people’s political consultative conference complained that one locality had seen

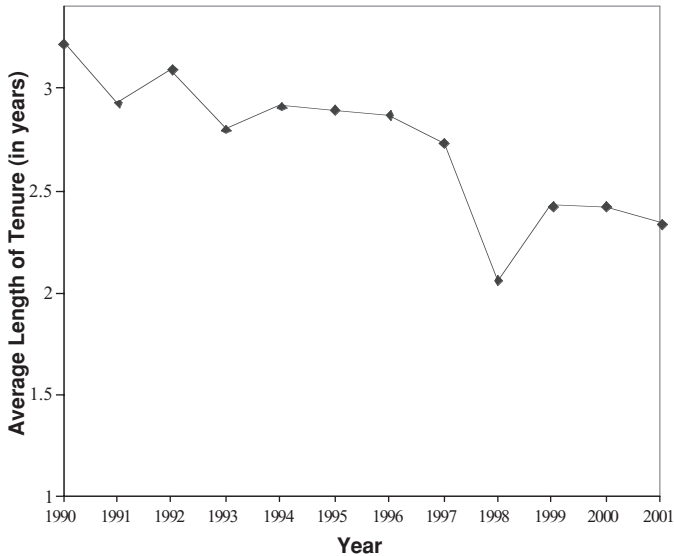


FIGURE 3.1. Average Tenure among Mayors (1990–2001). Units are years of tenure at the time of observation. *Source:* Author's database.

six Party secretaries in seven years (Yin, 2003). Nevertheless, localities that are publishing “temporary” regulations on term limits do so in ways that preserve the discretionary authority of their own Party committees. For instance, the 2003 regulations in Zhangjiang (Guangdong province) impose a one-year probational period for all newly appointed cadres (including mayors) and require a review before they are confirmed in their posts. However, they set very generous limits: “The term of appointment of leading cadres is five years; it can be renewed, but they cannot remain at the same post for more than two terms. Based on the same principle, leading cadres cannot remain in positions of equivalent rank for more than 15 years” (Feng, 2003). These rules easily accommodate the practice of the past decade: From 1992 to 2002, Zhanjiang saw three Party secretaries and three mayors.<sup>9</sup>

The norm of retirement and frequent cadre rotation constitute powerful mechanisms to guarantee that relatively young cadres – who are

<sup>9</sup> The secretaries are Chen Tongxin (1992–1999), Zhou Mingli (1999–2001), and Deng Weilong (since 2001). The mayors are Zhuang Lixian (1993–1998), Zhou Zhenhong (1998–2002), and Xu Shaohua (since 2002). The last two mayors were both promoted to Party secretary in different municipalities: Zhuang in the special economic zone of Shantou, and Zhou Zhenghong to secretary in Maoming.

arguably better trained and more attuned to the workings of a market economy – reach leadership positions in the localities, but their enforcement can also come at the expense of cadre accountability. Kevin O’Brien and Lianjiang Li’s finding that cadre rotation among rural cadres weakens accountability (1999: 176) applies here as well: It is difficult to see how a mayor, no matter how effective he may be, can signal his contribution to local development to his political principals when his expected tenure in office is barely above two years.

### **Cadre Policy, Tenure, and the Struggle against Corruption**

The shortening of the average local cadre’s tenure is the product of both political expediency and the willful policy to combat corruption. The Central Organization Department’s “internal” documents provide very frank assessments of the center’s political strategy to enhance its organizational control. In anticipation of the 16th Party Congress, the CCP reviewed and revised the 1995 “Temporary Regulations” governing cadre appointments. The debate over the incorporation of the “Three Represents” in the Party Constitution provided the needed justification to amend the regulations in a way that would encourage the appointment of cadres who explicitly supported Jiang’s theory. Presumably, the larger the number of local cadres who affirmed their support for the Three Represents, the more secure the position of Jiang Zemin’s supporters would be during the crucial appointments made ahead of the Party Congress and, on the state side, the National People’s Congress in March 2003. During his presentation at a special training session for organization and personnel cadres ahead of the official release of the 2002 regulations, Zeng Qinghong – Jiang’s closest ally at the center, who then served as head of the Central Organization Department – asserted bluntly that “the work of amending the ‘temporary regulations’ consists in building a stronger thought, organization and work style within the whole Party according to the requirements of the ‘Three Represents’” (CCP Organization Department 2002b: 211–212). The Three Represents “enrich and develop the standards of cadre deployment” (*ibid.*: 214).

Reports by provincial Organization Departments indicate the breadth of the efforts to mobilize local Party organizations. The Organization Department of Shandong province boasted that more than

18,600 high-level cadres had gone through specific study sessions stressing the new aspects of the regulations. (Shandong CCP Organization Department, 2002: 234). The report further emphasized that for leadership changes affecting provincial, municipal, and county levels in 2002 and 2003, “compliance with political criteria regarding cadre selection and deployment will be the foremost priority. The degree to which they conform to the implementation of the ‘Three Represents’ has become the most important and basic condition for the selection and deployment of leading Party and government cadres” (ibid.: 235).

Political expediency aside, the 2002 regulations also formally reflect the center’s concern with the level of corruption among cadres. Zeng Qinghong revealed that an investigation of the degree of compliance with the “temporary regulations” carried by the Central Organization Department showed many instances of appointment decisions that were “not strict,” “insufficiently democratic,” and that “cadre investigations are not carried out with sufficient depth” (CCP Central Organization Department, 2003:213). In 2000–2001, the department’s own cadre investigation bureau’s annual gazette revealed colorful examples of rule breaking. Gan Weiren, the former deputy secretary general of the people’s government of Guangxi was eventually expelled from the CCP and sentenced to four and half years in jail in November 2000 for “buying” his appointment as mayor of Tieshangang district in the city of Beihai. He presumably transferred 270,000 yuan to the wife of the former provincial governor, and was appointed in 1994. The same report also explained how Liu Xiutian, former Party secretary of Pingshan county (Hebei province) pocketed an average of 10,000 yuan for each appointment he could secure. In Shanxi, Jiang Jianzhong, deputy head of the government of Ji county purchased his reelection by members of the county people’s congress: He simply sent two drivers to hand-deliver 500 yuan to each congressman on the eve of the election (Investigation Department of the Central Organization Department of the CCP, 2001).<sup>10</sup>

As severe a challenge as internal corruption may be, it is important to note that the Party’s response has been more than perfunctory.

<sup>10</sup> According to the report, both Liu and Jiang were expelled from the CCP and their cases were transferred to the judiciary. The final outcome was not mentioned.

TABLE 3.6. *Recent Cases of Mayors or Former Mayors Dismissed for Corruption*

| Name           | Province     | Municipality | Year   | Comment                              |
|----------------|--------------|--------------|--------|--------------------------------------|
| Yan Liangzhong | Sichuan      | Neijiang     | (2002) | Party secretary at time of dismissal |
| Mu Suixin      | Liaoning     | Shenyang     | (1999) |                                      |
| Xu Yunhong     | Zhenjiang    | Ningbo       | (1999) |                                      |
| Zhang Erchang  | Hebei        | Shijiazhuang | (1999) | Party secretary at time of dismissal |
| Sun Yanbiao    | Zhejiang     | Taizhou      | (1997) | Party secretary at time of dismissal |
| Bo Shaoquan    | Hebei        | Cangzhou     | (1997) |                                      |
| Qian Dihua     | Heilongjiang | Daqing       | (1996) | Party secretary at time of dismissal |
| Wang Chun      | Jilin        | Baishan      | (1996) |                                      |
| Yang Shanxiu   | Henan        | Anyang       | (1996) | Party secretary at time of dismissal |
| Zhu Zhenjiang  | Henan        | Hebi         | (1995) |                                      |
| Chen Xitong    | Beijing      | Beijing      | (1994) |                                      |
| Chang Yi       | Liaoning     | Dandong      | (1993) |                                      |
| Zhou Yude      | Anhui        | Maanshan     | (1992) |                                      |

Source: Author's database.

The analysis of the set of Chinese mayors is a useful benchmark in this respect. The data set reveals a surprising number of mayors who have been demoted (and often expelled from the CCP and jailed) for corruption and nepotism (Table 3.6).<sup>11</sup>

The center expected provincial Party organization to put in place procedures to enforce local compliance. The Shandong provincial Party committee created a “work responsibility system” for cadre appointments, requiring each local Party committee or Party group to designate a specific cadre with primary responsibility for the implementation of the new regulations, at each bureaucratic level. Besides the predictable pledges to strictly enforce the rules, the provincial leadership announced that it would carry out specific inspections in each

<sup>11</sup> In all likelihood, the numbers are underreported. Some cadres, such as Chen Xitong, were dismissed and indicted for malfeasance that occurred during their terms as mayor, but many cases only break after mayors have already been assigned to other posts.

municipality and provincial department at least once every other year, and set up a series of unscheduled random checks (*chou cha*) to weed out rule breaking (Shandong CCP Organization Department, 2002: 236).

To sum up, the CCP is struggling to meet two seemingly incompatible political objectives. On the one hand, it needs to implement its personnel policy in a manner that is consistent with the overarching goal of fostering economic growth. This suggests that the CCP should dispense political rewards and penalties on the basis of the performance of the localities where cadres serve, particularly officials in charge of economic development – like mayors. On the other hand, the political imperative to build support among lower-ranking cadres (by offering them the prospect of promotions), combined with the need to combat corruption, puts pressure on provincial Party committees to keep the tenure of local officials as short as possible, no matter how well they perform on the job. The remainder of this chapter evaluates how the CCP manages the political careers of the mayors of China's 230-odd municipalities, and how these competing objectives are handled in practice.

## MODELING LOCAL AGENCY: THE IMPACT OF MUNICIPAL PERFORMANCE ON POLITICAL OUTCOMES

### Dependent Variable

I analyze the political fate of all mayors from 1990 to 2001 for whom biographical data is available. The dependent variable is defined as the immediate political outcome following one's tenure as mayor. In a given year, he/she can "exit"<sup>12</sup> (coded 0); "continue" as mayor (coded 1); be transferred out of the city to a position of identical

<sup>12</sup> A mayor who is removed from office to the position of chairman of the Municipal People's Congress is treated as an exit because the post does not imply executive authority. This was, for instance, the case of Jiang Jin, mayor of Jiangmen (in Guangdong) from 1999 to 2001. Similarly, appointments to the local political consultative conference are treated as exits. However, mayors appointed as vice chairman of provincial people's congresses or provincial political consultative conferences are coded as "out of city promotion."

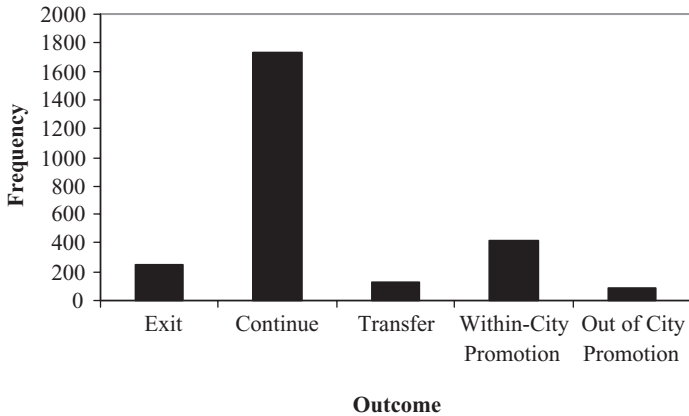


FIGURE 3.2. Political Fate of Mayors (1990–2001). Units are city-years.  
 Source: Author's database.

rank (coded 2); be “promoted” within the same city (namely, become Party secretary) (coded 3); or receive a promotion in a different locality (coded 4).<sup>13</sup> (See Figure 3.2 and Table 3.7.)

Strictly speaking, these outcomes cannot be ordered along a single dimension, such as formal bureaucratic rank. A mayor who is simply transferred to a different city is still a department-level cadre (*tingji*). However, his appointment may signal that he is being groomed for future promotion, in accordance with the rules of cadre appointment, which specify that multiple local experiences are important factors determining promotions. If we rely on bureaucratic rank, the dependent variable is ordered as follows, with two possible ties.

<sup>13</sup> Transfers refer to appointment to similar rank. In some case, mayors simply take up the job in a different city. For instance, Li Jianchang was appointed mayor of Baoding (Hebei) in March 1998. He was subsequently sent to serve as mayor of Kaifeng (Henan). The coding rule applies to transfers to provincial CCP or government bureaus, since they have the same formal rank. For instance, Huang Huahua, mayor of Meizhou in 1991, became secretary general of the Guangdong provincial committee in 1992. When a mayor assumes a higher-ranking post in provincial or central governments, he or she is coded 4 (promotion out of city). For instance, Xu Mingyang, mayor of Jiaozuo (Henan) until July 1995 was promoted vice chairman of the Tibet Autonomous Region, a clear promotion, even though he never served as CCP secretary in Jiaozuo. Furthermore, since vice-provincial cities rank higher than ordinary municipalities, an incumbent mayor appointed as mayor of a *fushengji chengshi* is also coded 4.

TABLE 3.7. *Multinomial Logit Estimates of Mayor Promotion*

|                                |             | Dependent Variable Category |             |               |             |                      |             |                     |             |
|--------------------------------|-------------|-----------------------------|-------------|---------------|-------------|----------------------|-------------|---------------------|-------------|
|                                |             | 0<br>Exit                   |             | 2<br>Transfer |             | 3<br>Local Promotion |             | 4<br>Ext. Promotion |             |
|                                |             | $\beta$                     | Robust S.E. | $\beta$       | Robust S.E. | $\beta$              | Robust S.E. | $\beta$             | Robust S.E. |
| Number of observations:        | 2,058       |                             |             |               |             |                      |             |                     |             |
| Wald $\chi^2_{(1,40)} = 7000$  |             |                             |             |               |             |                      |             |                     |             |
| Probability $> \chi^2 = 0.000$ |             |                             |             |               |             |                      |             |                     |             |
| Log likelihood = -1909         |             |                             |             |               |             |                      |             |                     |             |
| Tenure 3 to 5 years            | d.          | 1.29***                     | 0.20        | 0.85***       | 0.22        | 0.35**               | 0.15        | 1.05***             | 0.27        |
| Tenure = 6 years               | d.          | 1.95***                     | 0.27        | 0.78*         | 0.42        | 0.62                 | 0.40        | 1.17                | 0.45        |
| Year of birth                  | Cont.       | 0.00**                      | 0.00        | 0.00***       | 0.00        | 0.00***              | 0.00        | 0.00***             | 0.00        |
| Gender                         | d.(1 = Fem) | -0.87                       | 0.62        | -0.64         | 0.58        | -0.70                | 0.51        | 0.46                | 0.58        |
| Ethnic minority                | d.(0 = Han) | -1.08**                     | 0.49        | -0.65         | 0.53        | -0.27                | 0.47        | 0.54                | 0.43        |
| Graduate degree                | d.          | -1.41***                    | 0.35        | 2.58**        | 1.05        | 0.36                 | 0.46        | 1.05*               | 0.61        |
| College degree                 | d.          | -1.11***                    | 0.25        | 2.27**        | 1.00        | 0.54                 | 0.41        | 0.26                | 0.55        |
| Vocational college             | d.          | -0.71                       | 0.28        | 2.02*         | 1.04        | 0.23                 | 0.45        | 0.41                | 0.55        |
| Centrally appointed mayor      | d.          | -0.13                       | 0.58        | -1.20**       | 0.60        | -0.22                | 0.46        | -1.26*              | 0.71        |
| Population                     | Cont.       | 0.00***                     | 0.00        | 0.00          | 0.00        | 0.00                 | 0.00        | 0.00**              | 0.00        |
| Log (GDP per capita)           | Cont.       | -0.16                       | 0.24        | -0.45**       | 0.20        | 0.08                 | 0.20        | 0.34**              | 0.17        |
| Economic progress              | Cont.       | 0.45***                     | 0.17        | 0.62***       | 0.17        | 0.42**               | 0.18        | 0.68***             | 0.21        |

Notes: Time and province fixed effects not shown. Robust standard errors assume clustering by municipality. Base category: status quo (1).

\*\*\* denotes  $p < 0.01$  or better, \*\*  $p < 0.05$ , and \*  $p < 0.1$ .



Since the outcomes cannot be ordered strictly, I estimate a cross-section time series multinomial logit model, a suitable approach for evaluating a competing risk model when multiple kinds of outcomes occur and cannot be ordered in a straightforward manner (Box-Steffensmeier and Jones, 2004: 173–175). For each year when a city is observed, the dependent variable takes one of these five possible values. The model estimates the odds of four outcomes (0, 2, 3, and 4) as a function of mayor-specific and city-specific covariates, lagged by one year. By construction, such a model must be restricted so that the sum of the odds equals to one, hence, the usual specification for the computation of the odds that  $Y = 1$  (status quo).<sup>14</sup> The odds are computed as follows:

$$prob(Y_{k,t+1}) = \frac{e^{X\beta_{k,t}}}{1 + \sum e^{X\beta_{i,t}}} \text{ if } k \neq 1,$$

while

$$prob(Y_{1,t+1}) = \frac{1}{1 + \sum e^{X\beta_{i,t}}} \text{ if } k = 1 (\text{status quo})$$

While the definitions of promotions and transfers are not particularly controversial, the reader may question the treatment of “exits” as less desirable than continuing as mayor. Mayors disappear from the data set for various reasons. In the worst cases, they are removed from office for dereliction of duty, or even arrested for corruption. Others die in office or retire from public life. More frequently, cadres may be eased into semiretirement in nonexecutive positions at the local people’s congress or the people’s political consultative conference. Presumably, these outcomes are not equally desirable, but this ranking only assumes that each of these outcomes is politically inferior to the status quo, namely, continuing as mayor. However, cadre transfers are difficult to trace with certainty. I cannot completely discount a more threatening statistical inference: Exits may also reflect promotions to unobserved posts in provincial departments, central ministries, or other local governments. Although I have done my best

<sup>14</sup> See Long (1997: Chap. 6) for a discussion of this restriction in multinomial logit models.

to avoid measurement errors, some of these cases may not have been properly accounted for.<sup>15</sup>

### Independent Variables

**Municipal Performance.** I restrict the set of municipal performance criteria to indicators that are highly correlated with the municipal performance index published in 2001: city size (population) and its overall wealth (GDP per capita). Furthermore, I account for the economic progress of the city during a mayor's term. For each observation, I calculate the ratio between the current GDP per capita and its value at the beginning of the appointment (thus, the first value is always 1). The model can therefore distinguish between the overall "wealth" of the city – which is valued by the cadre's bureaucratic superiors, in part because a greater GDP implies larger fiscal revenues for provincial and central authorities – and the presumed "contribution" of the mayor to local economic progress. A strong agency model implies that cadres ought to be rewarded on the basis of the latter, not the former.<sup>16</sup>

**Mayors' Individual Characteristics.** The model accounts for the salient individual attributes emphasized in current personnel policy guidelines and regulations governing cadre promotion. These variables include age (in years), level of education, and gender, as well as

<sup>15</sup> In order to code an outcome 0 (exit), the following conditions had to be met: First, I checked the name against the list of top officials in provincial bureaus published in provincial yearbooks and the *China Directory* published by Radiopress. If neither source indicated a match, I entered the name of the cadre in the Google search engine (in simplified Chinese) and pursued relevant online links, such as government Web sites or press reports of the activities of leaders, to verify the nature of their appointment. If none of these approaches yielded any result, the variable was then coded as zero.

<sup>16</sup> Although both measures of performance invoke measures of municipal GDP, they are not highly correlated. Pearson's  $r$  is .19 overall, and varies over time as follows:

| Year | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|------|------|------|------|------|------|------|------|------|------|------|------|
| $r$  | 0.26 | 0.29 | 0.33 | 0.25 | 0.22 | 0.08 | 0.16 | 0.23 | 0.27 | 0.31 | 0.28 |

whether the cadre is *Han* Chinese or not. (The effects of these variables are discussed in detail in the next section.) In addition, two contrasts capture the length of tenure up to the year of observation: 3–5 years, which corresponds roughly to a second term in office, and 6 years or longer.<sup>17</sup>

***Centrally Appointed vs. Ordinary Mayors.*** A dummy variable captures the bureaucratic rank of each municipality. The variable “centrally appointed” accounts for mayors directly managed by the Party center. These include mayors of four centrally administered municipalities, who sometimes sit as full or alternate members of the Central Committee, which enhances their visibility and access to core decision makers. Their peculiar position in the Chinese political hierarchy is likely to increase their odds of promotion. The variable also accounts for the mayors of the “vice-provincial cities” who are also centrally appointed. If provincial Party committees depart from cadre policy systematically, this binary variable should capture the extent of this divergence. If provinces and the center behave in unison, its associated coefficients should be 0 for all components of the dependent variable.

***Provincial Contrasts.*** It would be desirable to include specific dummy variables for *all* provinces (minus one for identification) in order to test thoroughly whether the political behavior of provincial Party committees is uniform or varies spatially in systematic ways. It is particularly useful to assess whether the stark contrast in economic performance between coastal regions and the interior translates into political gains for officials posted in more “open” localities. Conceivably, cadres posted in coastal provinces may be favored for political promotions because they bring to bear specific skills related to the development of open-market economies that are valuable at the higher echelons of the bureaucracy, independently of the somewhat crude measures of the raw economic performance of the cities where they have served. In extreme cases, very high GDP growth (as well as seemingly high

<sup>17</sup> I do not use the simple continuous measure of tenure length because it is unreasonable to assume a linear relationship. Instead, the relationship is J-shaped: Cadres are not expected to be replaced immediately after their appointment, but the odds of reassignment/exit increase substantially as they enter their second term (3 to 5 years) and should be even greater beyond the end of a second term (6 years and more).

levels of output per capita) is simply an artifact of the high (now more market-driven) prices of energy production in these areas, such as the oil industry of Daqing in Heilongjiang province. In contrast, officials posted in provinces like Shandong, Jiangsu, Zhejiang, or Guangdong control far more marketized and competitive economies that are touted in the propaganda system as developmental models worthy of emulation elsewhere.<sup>18</sup>

Unfortunately, I cannot estimate a model with a full set of provincial dummy variables. Too many (interior) provinces have too few municipalities and exhibit insufficient variation of the dependent variable to allow for computing province-specific effects in these cases. Instead, I estimate the model with a *feasible set* of provincial contrasts, where province-specific coefficients are computed for each “important” coastal province, and can be contrasted with the remainder of the country, mostly the interior.

**Time Contrasts.** Finally, annual dummy variables<sup>19</sup> account for two distinct processes. They control for time-specific shocks that are not specifically encapsulated in the model. Furthermore, annual dummy variables “purge” the stochastic term of possible biases caused by omitted time-dependent variables and reduce autocorrelation among error terms, a major pitfall of cross-section time-series models.<sup>20</sup>

## RESULTS AND DISCUSSION

The key coefficients of the multinomial logit model are presented in Table 3.7. I discuss the question of provincial contrasts at the end of this section.

**Municipal Economic Performance.** Does local economic performance matter and, more importantly, does the change in performance under the watch of a mayor affect his political fate? On the surface, it appears to do so. The impact of “economic progress” is positive and significant with respect to each category of the dependent variable. However,

<sup>18</sup> On the argument that open coast areas were chosen as early models of reform to be generalized elsewhere at a later stage, see Vogel’s study on Guangdong (1989).

<sup>19</sup> The baseline (omitted) is the year 2000.

<sup>20</sup> In addition, all models use the method of robust standard errors, adjusted for clustering by municipality.

these large and statistically significant coefficients can be deceptive. In order to clarify its substantive impact, Figure 3.3 plots the effect of the variable within sample values against the odds of each outcome, holding other factors constant for a typical case.

The simulation shows that good economic performance increases the odds of *external* promotions, but has virtually no impact on other outcomes. The odds of continuing as mayor decline mechanically as the odds of external promotion rise: By construction, the sum of all odds must add up to one. Nevertheless, the CCP seems rather keen on linking performance to political outcomes when it comes to such unusual and highly visible promotions. Within sample values, the probabilities rise from slightly over 20% to 55% when a city's GDP per capita triples under the watch of its mayor. However, such stellar economic outcomes are exceedingly rare. If we limit our measure to "typical cities," namely, when the independent variable is evaluated around its sample mean, plus or minus one standard deviation, these reach a more modest 34% (Figure 3.3a).

Tenure length dampens the effect of this variable. Consider Table 3.8, which lists the mayors of the top fifteen municipalities in 2000 based on this measure of economic performance. Every mayor, with the exception of Shi Jun in Dongying, has had an unusually long spell in office. Unfortunately, performance and seniority on the job push the odds of promotion in opposite directions. When a mayor nears the end of a full five-year term, his exit is much more likely than his promotion, be it local or external. The two coefficients associated with long tenures are not significant with respect to promotions, while the estimate with respect to exits is both large and highly significant.

The same logic applies when performance is measured simply as GDP per capita (Figure 3.3b). Again, the state of the local economy only affects the least likely, but presumably the most desirable, outcome: out-of-city promotions. Within sample values – and now holding economic performance at its mean for the year 2000 – the odds rise from 10% to about 25% on standard deviation above the mean, and levels off at 35% when we reach the sample maximum of RMB 133,000, which corresponds to the special economic zone of Shenzhen, near Hong Kong.

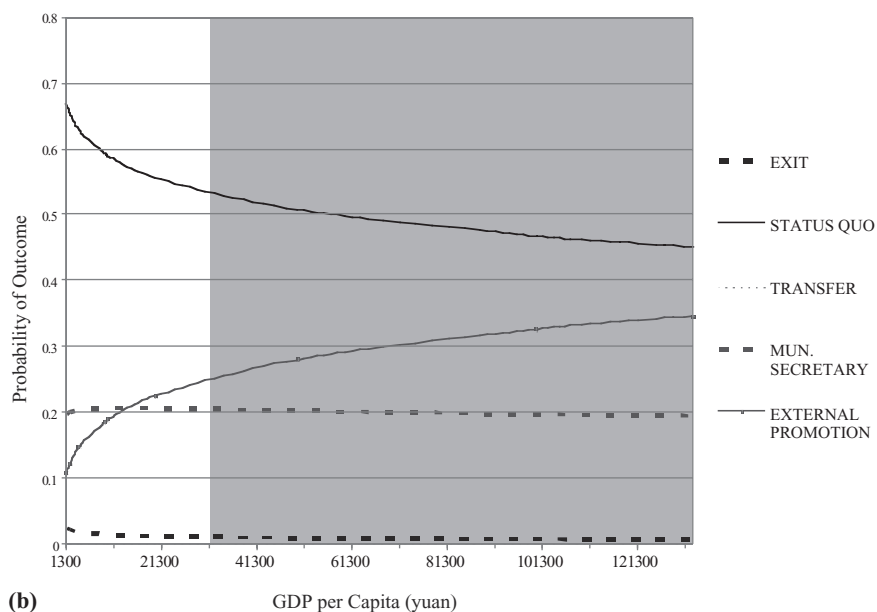
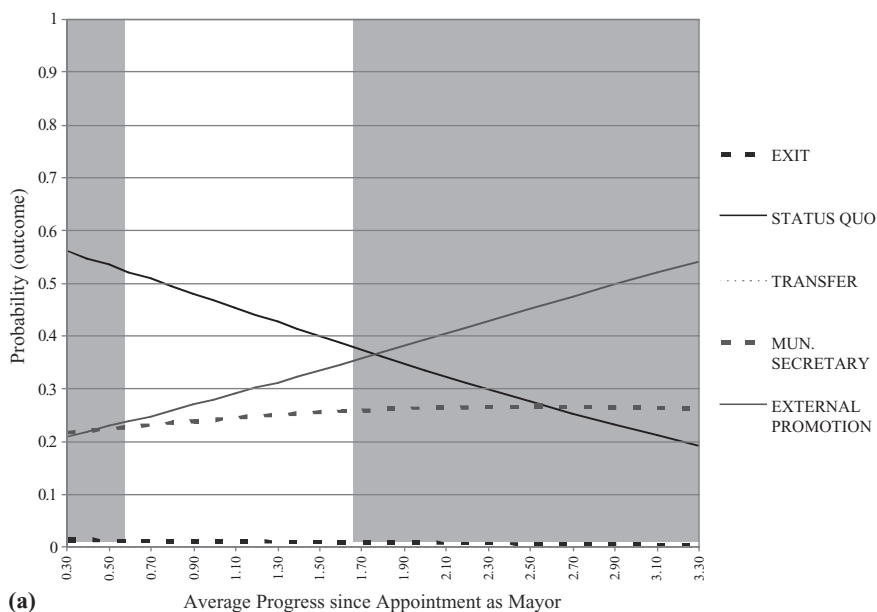


FIGURE 3.3. Fitted Impact of Economic Performance on the Probability of Promotion of Mayors. (a) Progress since the appointment of the mayor; (b) GDP per capita. Plots are based on model 1. The shaded area denotes unusual values, more than two standard deviations away from the sample mean. Assumptions: Mayor: male, Han Chinese, born in 1941, 3–5 year tenure, college graduate. Municipality: Population = 1.61 million, year = 2000; progress = 1.12.

TABLE 3.8. *Top Fifteen Cities Based on Economic Progress since the Mayor's Appointment as of 2000*

| Rank | Province     | Municipality | Mayor          | Tenure (Years) | Progress | GDP (10 <sup>3</sup> RMB) |
|------|--------------|--------------|----------------|----------------|----------|---------------------------|
| 1    | Sichuan      | Chengdu      | Wang Rongxuan  | 8              | 3.34     | 12.96                     |
| 2    | Shandong     | Jinan        | Xie Yutang     | 8              | 3.28     | 16.92                     |
| 3    | Fujian       | Zhangzhou    | Li Tiansen     | 6              | 2.01     | 10.60                     |
| 4    | Shaanxi      | Xian         | Feng Xuchu     | 6              | 1.95     | 10.01                     |
| 5    | Shanghai     | Shanghai     | Xu Kuangdi     | 6              | 1.82     | 34.44                     |
| 6    | Hebei        | Tangshan     | Zhang He       | 6              | 1.78     | 13.08                     |
| 7    | Heilongjiang | Daqing       | Yang Xin       | 4              | 1.71     | 41.08                     |
| 8    | Henan        | Xinxiang     | Wang Fujun     | 7              | 1.68     | 5.20                      |
| 9    | Guangdong    | Dongguan     | Tong Xing      | 4              | 1.60     | 32.09                     |
| 10   | Fujian       | Fuzhou       | Weng Fulin     | 5              | 1.53     | 17.03                     |
| 11   | Jiangsu      | Nanjing      | Wang Hongmin   | 5              | 1.45     | 18.74                     |
| 12   | Zhejiang     | Ningbo       | Zhang Weiwen   | 5              | 1.44     | 21.74                     |
| 13   | Shandong     | Dongying     | Shi Jun        | 3              | 1.44     | 27.02                     |
| 14   | Jiangsu      | Huaiyin      | Chen Congliang | 4              | 1.44     | 5.70                      |
| 15   | Guangdong    | Foshan       | Liang Shaotang | 5              | 1.42     | 28.79                     |

Source: Author's database.

The implications of the model for the nature of the relationship linking local cadres to their principals are more disturbing if one considers the remaining categories of the dependent variable. First, the modal promotion (as local Party secretary) is almost invariant to economic performance. Again, the effect of a positive and statistically significant coefficient is limited. Within sample values, the odds of local promotion rise with progress to a maximum of 27%, before declining slightly at the far right of the distribution. Against GDP per capita, the odds are essentially constant at 20%. Furthermore, poor performance is not sanctioned: The odds of exit are minuscule and do not vary with the state of the economy, regardless of the measure of performance used.

From the perspective of the higher echelons of the Party, such an incentive structure has clear political advantages. The large pool of local officials operates as a competitive feeding mechanism for higher office. Provincial Party organizations use their nomenklatura authority to cherry-pick cadres who seem to perform extremely well. Once they reveal themselves as good managers, they join an upwardly mobile political elite that staffs important departments of the provincial Party and government bureaucracies or are transferred to larger and presumably politically more important cities. However, what is good for the leaders does not serve the best interest of the localities. If the mayor's reward for performing well is an assignment away from the city where he is currently serving, the locality loses an effective leadership for sure, while the quality of the successor is uncertain.

One puzzle remains. Why does the Party (sometimes) reward good performance but never seem to sanction laggards, contrary to its stated policy? Simply put, it would be politically costly to do so. China's economic decentralization has not taken place in a fashion that puts all local governments on equal footing. The open-door policy gives considerable advantage to coastal areas, and central investments in the form of infrastructural projects and preferential policies has limited the growth potential of the Chinese hinterland. In many regions, local officials can legitimately argue that their municipalities are in structural economic decline. For instance, in northeastern cities, the reorganization of state-owned industry – which has been mandated by the central government – has stalled economic growth, increased unemployment, and in extreme cases, led to social turmoil. Harsh sanctions against cadres who fail to deliver under difficult



circumstances can hardly improve the situation: Successors would be just as likely to perform poorly.

If it followed a strategy of systematically promoting officials in high-performing areas and systematically demoting those from the interior, the CCP would run the risk of creating deep geographical cleavages within the Party. Repeatedly demoting officials in the same geographical areas would also undermine the legitimacy and authority of the CCP among the general public: Why would they be expected to trust their local officials if the higher-levels appeared not to do so themselves? The CCP is instead playing a more subtle bifurcated promotion game: It actively rewards officials who can claim economic success, but rather than pushing out those who cannot, the Party simply allows them to remain in place *longer*, and possibly reach the rank of local Party secretary.

This approach has the considerable merit of giving a political stake to reform losers, while at the same time preserving a strong agency relationship with respect to cadres who control wealthy, fast-growing regions that are critical to the country's economic future. It combines elements of a Brezhnevian policy of "stability of cadres" needed to maintain the political cohesion of the Party elite with an activist personnel policy that applies only to a small, but important, subset of local officials. But unlike Brezhnev's indiscriminating approach to cadre stability that reduced incentives to provide good governance in the localities, the CCP's approach to the political management of local elites ensures that unusually strong economic performance is rewarded politically. The Chinese experience comes close to achieving economic decentralization without political losers, a feat that neither Khrushchev nor Gorbachev were able to accomplish, and paid for very dearly.

### *The Impact of Cadre Characteristics*

EDUCATION. The political returns on education are uneven across promotion categories. (See Table 3.9.) External promotions are clearly tied to the highest educational achievers: Post-university degree holders double their odds of promotion relative to the comparison group.<sup>21</sup> However, ordinary university degrees that are now commonplace

<sup>21</sup> Significant at the 0.1 level, two-tail test.

TABLE 3.9. *Fitted Odds of the Impact of Educational Attainment on Promotion Outcomes*

|                    | Exit | Status Quo | Transfer | Municipal Secretary | External Promotion |
|--------------------|------|------------|----------|---------------------|--------------------|
| Other              | 0.04 | 0.50       | 0.00     | 0.17                | 0.29               |
| Vocational college | 0.02 | 0.61       | 0.00     | 0.22                | 0.15               |
| College            | 0.01 | 0.42       | 0.00     | 0.25                | 0.32               |
| Graduate           | 0.01 | 0.31       | 0.00     | 0.16                | 0.52               |

Notes: Shaded cells denote coefficients with low levels of significance ( $p > .1$ , two-tailed test). Italics denote comparison groups ("status quo" for the dependent variable and "other" for the educational dummies).

among cadres no longer guarantee access to high-level posts. Here again, the modal promotion to Party secretary is not influenced by educational attainment. All else being equal, a college degree (or better) virtually eliminates the odds of exit (namely, 1%), though the substantive gain is limited: Cadres who have low levels of education are only 4% likely to exit in the first place.

**GENDER AND ETHNICITY.** Women are rarely appointed to core leadership positions in the localities. In Jiangsu, the provincial authorities reported that by 2000, state and Party organizations at the municipal and county levels "had completely met the requirements to train (*peibei*) women cadres." From 1995 to 2000, 200 female cadres at the county (*chu*) level were trained at the provincial Party school, while another 140 enrolled in various graduate programs. Twenty municipal and department-level (*tingji*) women were sent overseas (including Hong Kong). Besides technical training, Jiangsu assigned 1,500 women for temporary training in local governments (*xiapai guazhi*), a usual step toward further promotions (CCP Organization Department, 2002b: 220–222).

The political results, measured by actual appointments, are less spectacular. As evidence of "liberating the minds and making audacious selections and deployments," Jiangsu appointed fourteen women to provincial departments over six years, or 15% of all appointments at this rank.<sup>22</sup> Twelve women became "the number one hand"

<sup>22</sup> In Chinese, "*jiefang sixiang, dadan xuanhui*."

(*yi ba shou*) in counties, districts, and cities.<sup>23</sup> But by 2001, only 45% of these local governments included one (very rarely more) woman among their leading cadres.

Since few women ever reach the rank of county-level cadres, only a handful are promoted as mayors of large municipalities, though their numbers are rising. In a speech before the women mayors' chapter of the Association of Chinese Mayors, State Councilor Wu Yi – the highest-ranking woman of the CCP's hierarchy and also a former vice mayor of Beijing – indicated that by 2001, more than 480 (vice) mayors would be women, against around 150 in 1991 (Association of Chinese Mayors, 2001). However, these statistics are quite misleading because they include deputy mayors. Furthermore, the total number of cities has increased, especially lower-ranking county-level cities.

The data suggest that the pool of full-ranking women mayors is very small: 24 since 1990. Among those, six were transferred to posts of equal rank (An Li, Huang Yanrong, Jiang Daguo, Qu Sufen, Xu Yan, and Xuan Lin). Promotions to Party secretary are rarer, namely, Li Yumei (who moved to Laiwu), Wang Xia, and Wang Junmei. Only two former female mayors have reached the post of vice governor since 1990: Wang Jumei in Henan and Yuan Fenglan in Guangxi, while Wang Xia and Shu Xiaoqing eventually served as alternate member of the 16th Central Committee. (See Table 3.10.)

Despite powerful barriers to entry in the cadre corps, the promotion model suggests that discrimination affecting female cadres at earlier stages of their careers does not continue once they reach the rank of mayor. Coefficients are never significant, nor are their signs consistent with a hypothesis of discrimination. Once selected into officialdom, women mayors are just as likely to be promoted as their male counterparts.

Similar results obtain with respect to ethnic minorities. Again, when we discount the issue of access to the cadre corps in the first place, there is scant evidence of organizational bias against ethnic minority mayors, despite the conventional wisdom that high positions for minority leaders are restricted to government jobs, while *Han* officials hold key

<sup>23</sup> The term for “number one hand” is “*yi ba shou*,” which refers to the head of the people's government or the Party secretary, here at the city, county, or district level.

TABLE 3.10. *Female Mayors, 1990–2003*

| Name          | Year of Birth | Education          | Comment                                                                                                                                                    |
|---------------|---------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| An Li         | 1948          | College            | Mayor of Liaoyuan (Jilin), 1992–1994. Transferred, vice mayor of Changchun, 1995.                                                                          |
| Cao Lili      | 1953          | Graduate           | Mayor of Weinan (Shaanxi), 2002+.                                                                                                                          |
| Hua Jianhui   | 1955          | Vocational college | Mayor of Bengbu (Anhui), 2001+.                                                                                                                            |
| Huang Wei     | n.a.          | n.a.               | Mayor of Ankang (Shaanxi), 2002+.                                                                                                                          |
| Huang Yanrong | 1955          | Vocational college | Mayor of Ya'an (Sichuan), 2000–2001. Became head of the labor union, Sichuan province, and member of the CCP standing committee, Sichuan Province (2002+). |
| Jiang Daguo   | n.a.          | n.a.               | Mayor of Ezhou (Hubei), 1999. Appointed director of the Department of Labor and Social Security of Hubei province in 2001.                                 |
| Lei Yulan     | 1952          | College            | Mayor of Jiangmen (Guangdong), 2001+.                                                                                                                      |
| Li Kang       | 1957          | College            | Mayor of Qingzhou (Guangxi), 2000–2002. Zhuang nationality.                                                                                                |
| LI Yanzhi     | 1950          | Vocational college | Mayor of Yinchun (Heilongjiang), 2002+.                                                                                                                    |
| Li Yumei      | 1956          | Graduate           | Mayor of Linyi (Shandong) 1997–2000. Promoted Party secretary of Laiwu (Shandong) in 2001.                                                                 |
| Ma Languo     | 1954          | College            | Mayor of Xingtai (Hebei), 1998–2001.                                                                                                                       |
| Ma Qiaozhen   | 1945          | College            | Mayor of Jincheng (Shanxi), 1996–1998. Promoted city Party secretary.                                                                                      |
| Qu Sufen      | 1953          | Graduate           | Mayor of Jinhua (Zhejiang). Transferred as interim mayor and deputy CCP secretary of Taixhou (Zhejiang) in 2003.                                           |
| Shi Lijun     | 1948          | Vocational college | Mayor of Laiwu (Shandong), 1993–1997. Promoted city Party secretary.                                                                                       |

*(continued)*

TABLE 3.10 (continued)

| Name         | Year of Birth | Education          | Comment                                                                                                                                                                                                                     |
|--------------|---------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shu Xiaoqin  | 1956          | Vocational college | Mayor of Jingdezhen (Jiangxi), 1995–1997. Promoted Party secretary of Jingdezhen (1998+).                                                                                                                                   |
| Song Shu'ai  | 1944          | College            | Mayor of Chengde (Hebei), 1990–1992.                                                                                                                                                                                        |
| Xu Yan       | 1944          | College            | Mayor of Nantong (Jiangsu), 1990–1994. Transferred as vice chair of the Commission for Foreign Economic Relations and Trade (1995+).                                                                                        |
| Xuan Lin     | 1953          | College            | Mayor of Wuhu (Anhui), 2000–2002. Transferred director of the Department of Labor and Social Security, Anhui (2003+).                                                                                                       |
| Wang Xia     | 1954          | M.A.               | Mayor of Yan'an (Shaanxi) 1999–2000. Promoted Party secretary of Yan'an, (2001+) and member of the CCP standing committee, Shaanxi province (2002+). Elected alternate member of the 16th Central Committee, November 2002. |
| Wang Jumei   | 1949          | n.a.               | Mayor of Nanyang (Henan) 1999–2000. Promoted vice governor of Henan province.                                                                                                                                               |
| Xuan Lin     | 1948          | College            | Mayor of Wuhu (Anhui), 2000+.                                                                                                                                                                                               |
| Yuan Fenglan | 1942          | Vocational college | Mayor of Guilin (Guangxi), 1991–1993. Promoted vice chairwoman of the Guanxi A.R. government (equivalent to vice governor) in 1994.                                                                                         |
| Yuan Shiwu   | 1936          | College            | Mayor of Huzhou (Zhejiang), 1992–1994.                                                                                                                                                                                      |
| Zhu Tong     | 1949          | M.A.               | Mayor of Baishan (Jilin), 1998–2000.                                                                                                                                                                                        |

*Source:* Author's database.

Party posts. These results hold when the minority status of individual cadres is included.

**Regional Differentiations.** The number of coefficients in multinomial logit models is large, particularly when fixed effects are introduced. In this specification, fixed effects are included only for the subset of provinces consistent with model identification.<sup>24</sup> Although individual provincial effects are rarely significant for all categories of the dependent variable, a likelihood-ratio test contrasting the model with and without provincial effects suggests that the full model has a better predictive capacity than the restricted one.<sup>25</sup> It is therefore worth assessing the spatial dimension of the CCP's political management of mayors.

Since the model further accounts for the political difference between mayors under direct central management and those whose careers are primarily handled by provincial Party committees, conditional odds of promotion can be computed for each municipality by combining the effect of its bureaucratic status with its relevant provincial contrast. Predicted outcomes are identical across cities located in provinces for which contrasts could not be included, but vary otherwise. More concretely, we can compute separate outcomes for ordinary municipalities in Jiangsu, as opposed to the provincial capital (Nanjing), which has the status of a vice-provincial municipality. We cannot, however, produce separate forecasts for, say, Tianjin versus Shanghai (central cities, but without provincial contrasts), or Urumqi (Xinjiang) versus Kunming (Yunnan), two provincial capitals that cannot be contrasted geographically.

Despite these methodological limitations, there is scant evidence of disparities in the way provincial committees manage the political careers of mayors. Nor is there any evidence that the management of centrally appointed mayors differs from the practice of the Party committees in the provinces. The center's unusual institutional authority is most distinctive with respect to transfers to other localities at a similar rank: The coefficient is negative and statistically significant for all

<sup>24</sup> The provinces for which fixed effects can be computed are Hebei, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Anhui, Fujian, Shandong, Henan, Hubei, Guangdong, and Sichuan.

<sup>25</sup> Likelihood-ratio test (Model 4 vs. Model 3):  $\chi^2(-52) = -279.73$ ,  $P < 0.000$ .

specifications. However, if one computes the fitted odds, its net effect is quite modest. An ordinary mayor in Jiangsu has only a 3% chance of transfer, compared to 1% for his (centrally managed) colleague in Nanjing.<sup>26</sup>

Figure 3.4 maps the fitted odds of promotion across space, holding other variables constant. It maps the sum of the fitted odds of promotion to local CCP secretary and the odds of external promotion, by city. They range from 16% (Harbin, the provincial capital of Heilongjiang) to 37% for ordinary municipalities in Liaoning. Again, ignoring the issue of the statistical significance of specific provincial results, apart from the ordinary cities of Shandong and Liaoning, the conditional odds of promotion are generally higher in the less-prosperous interior regions. In the wealthiest coastal cities (Beijing-Tianjin area, Shanghai and Yangzi delta, Guangzhou-Shenzhen and the Pearl River delta), the fitted odds of promotion are somewhat lower than elsewhere.

If anything, these findings challenge the notion that officials posted in coastal provinces have an unfair advantage because of geography alone. They suggest instead that such cadres owe their promotions to their achievement in office and their personal credentials, not the erratic behavior of their respective Party committees. Li Hongzhong's career in Guangdong is a case in point. A vice mayor of Huizhou in the 1980s, Mayor Li – who was born in 1956 and holds a college degree in history from Jilin University – improved his education credentials at the central Party school in 1996–1997 in a program for middle-aged cadres and was a visiting research fellow at the Kennedy School at Harvard University. He became a full mayor in 1996. By the time he was appointed municipal secretary in 2000, the city's GDP per capita was 36% higher than in 1996. Though still poorer than Shenzhen, Huizhou grew faster than the special economic zone during Li's tenure. Within a year, the Party center appointed Li deputy secretary of Guangdong province; by 2002, he had taken over as mayor of Shenzhen and earned a seat as an alternate member of the 16th Central Committee, and in 2007 was appointed governor of Hubei province. Mr. Li may have been lucky to be sent to Guangdong in the 1980s, but geography alone cannot explain his remarkable political career.

<sup>26</sup> All other variables are held at the sample mean for the year 2000. Tenure is set at 3–5 years for a male *Han* mayor, with a college education, born in 1950.

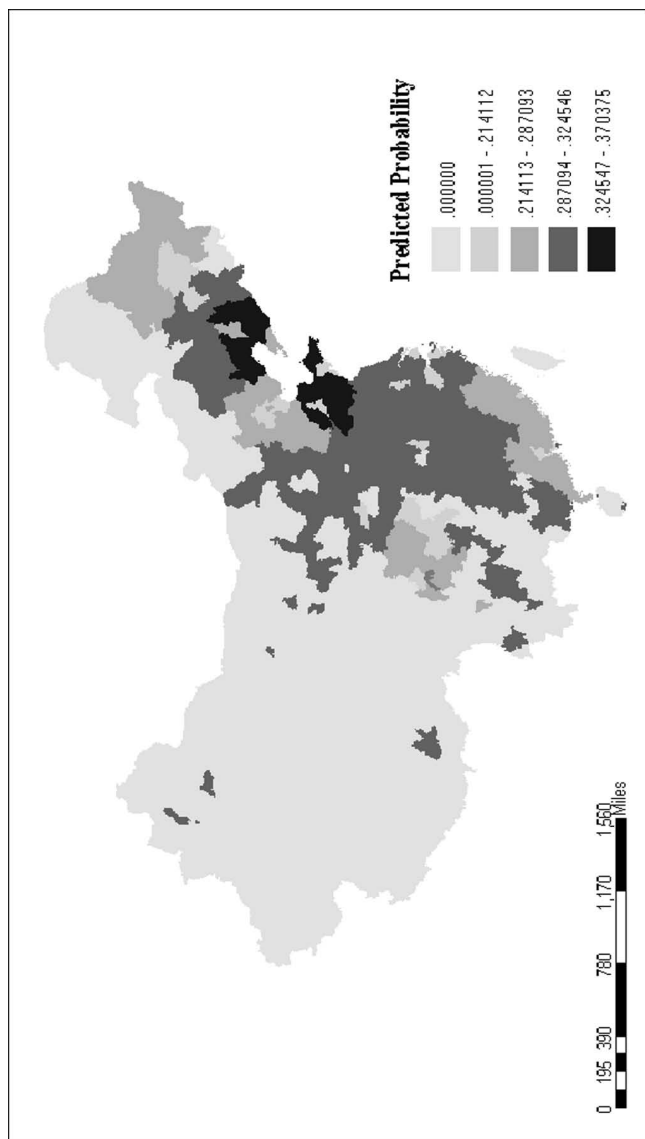


FIGURE 3.4. Fitted Odds of Promotion, by Municipality. The lightest shade of gray denotes prefectures, which are excluded from the analysis. The simulation makes the same assumptions as above. City-level variables are held at their sample mean for the year 2000.



## CONCLUSION

The Chinese Communist Party has retained its capacity to shape political outcomes in the localities. Despite decentralization, the organizational system remains firmly in control of cadre careers. On the surface, provincial Party organizations are applying the broad policies laid out since the 1980s to rejuvenate the cadre corps, impose strict retirement rules, and combat the entrenchment of local elites by keeping terms of office relatively short. These accomplishments are rare among communist systems, or even authoritarian ones, and may help explain the durability of the Chinese political system. They are even more unusual considering the high degree of decentralization that characterizes contemporary Chinese institutions. Unlike so many studies of decentralization in other issue areas, I find little evidence of rampant localism with respect to cadre management: Rules apply evenly across provinces.

The analysis of the CCP's actual management of these high-ranking officials suggests that despite the pressures to limit tenure to very short spells, the Party is able to link political rewards with performance among the small but critically important subset of local officials who perform unusually well. This is good news for the individuals, but also for CCP as an institution, since these officials are being co-opted to higher levels of the Party and government bureaucracy where their talent is presumably being put to good use.

The CCP is proving less able to develop incentive mechanisms that reward ordinary officials and penalize officials who do not perform, however. In its drive to rejuvenate the cadre corps and combat corruption, the Party's informal response is to accelerate turnover among mayors. This tactic seems to have taken precedence over the need to allow officials who perform to remain in place long enough to make a measurable impact in most places. The CCP has a positive bias in favor of cadres who oversee quantitative growth in the short run, but its management of the personnel system is not designed to promote qualitative changes that can only take place in the longer run.

Regardless of these limitations, the CCP's control over local officials is far more secure than critics of China's decentralization suggest. The high speed of elite turnover is ample evidence that decentralization has not produced a class of local caciques capable of outmaneuvering

Party institutions. In this sense, the CCP's experience after more than fifty years of continuous rule departs fundamentally from the experience of the Communist Party of the Soviet Union at a comparable juncture in its history. In post-Deng China, there is no "stability of cadres," nevertheless, the central government is able to shape political outcomes in the localities more powerfully and with greater regard for the need to foster rapid economic growth than one might expect of an authoritarian Leninist regime.

## Organizational Power

### *The View from Within*

Game theoretic models of politics have long established that both the nature and the quality of information available to players are critical to the understanding of political outcomes (Schelling, 1960; Fudenberg and Tirole, 1991; Rasmusen, 1989). They contrast games in which players share a substantial body of common knowledge about the structure constraining their choices, as well as the identity, capabilities, and preferences of all participants, with games of incomplete or imperfect information.<sup>1</sup> Equilibria are reached with greater ease if the body of common knowledge is large and the proportion of private information is kept to a minimum.<sup>2</sup>

In formal game theory, the number of players is usually small and the nature (or quality) of information among players is fixed before the game is played out: It is usually not measured empirically. However, uncovering how Chinese local officials play the promotion game

<sup>1</sup> Rasmusen (1989: 50–51) defines common knowledge as follows: “Information is common knowledge if it is known to all players, each player knows that all of them know it, and each of them knows that all of them know it, and so forth ad infinitum.” In practice, the information partitions of games are assumed to represent common knowledge. My approach is very similar to Rasmusen’s example of “follow the leader game” where players do not even know for sure which game they are playing.

<sup>2</sup> The technical literature on this matter is vast and complex. For an extensive review and a formal elaboration on “common knowledge, almost common knowledge, and the sensitivity of equilibria to the information structure,” see Fudenberg and Tirole (1991).

requires more empirical details than stylized game theory can offer. The nested hierarchy of the bureaucracy, coupled with the high degree of decentralization of the appointment system, turns the political control of local officials into a complex principal-agent problem: A large number of agents are monitored by a multiplicity of principals who each have *some* authority to grant rewards (promotions) or inflict punishments (dismissal or demotion).

How do local officials seeking advancement understand this complex environment? Rather than assuming common knowledge, it is worth exploring whether the multiplicity of players of the promotion game have a shared understanding of the institutions that structure their careers. If beliefs about the cadre management system are widely shared, and if these beliefs are consistent with the institutional objectives of the center, policy implementation should be straightforward, and all else being equal, the political management of local officials should be more effective. On the other hand, if we observe a high degree of variability among officials, and if their perceptions diverge widely from the center's stated goals, the cadre management system is likely to operate very differently in practice from what formal rules indicate.

Both this chapter and the following one are based on a survey of officials conducted in four counties of Jiangsu province. Whereas observations of the careers of the mayors examined in Chapter 3 make use of publicly available data for all municipalities in China, the data lack any information about the preferences of local leaders. High-ranking officials such as mayors sometimes grant interviews, but they cannot be sampled practically and in large enough numbers so that a systematic analysis can be conducted. By going down to the county level in specific localities, we reach leaders who are more accessible and can gain some insight about their perceptions and preferences. We can also measure a vast array of individual-level variables that can only be obtained through face-to-face interviews.

The questionnaire of the Jiangsu Elite Study (JES)<sup>3</sup> was constructed (in part) to measure common knowledge about the appointment and promotion system among local officials who were appointed at the

<sup>3</sup> Refer to Appendix 4A for a detailed description the design of the JES.

level of deputy bureau chief (or above) in a county government at the time of the interview. It allows us to tackle the following questions:

- Are perceptions of the nature and distribution of organizational power consistent with the objectives of the personnel management reforms as I analyzed them through the prism of formal regulations?
- If a substantial amount of information is not common knowledge, what are the causes of heterogeneity among local officials?

Obviously, surveys administered once the reforms have already taken place cannot directly test the impact of the reforms themselves. When this study began, institutional change had already occurred nationwide, leaving no control group untouched by the policy that we could compare with officials affected by reforms. The dearth of systematic studies in this area precludes a reliance on preexisting studies as benchmarks against which to compare post-reform attitudinal data. The strategy is instead to measure deviations from formal norms. As I described in Chapters 2 and 3, the “organizational and personnel system” clearly lays out formal rules and procedures for appointing (or dismissing) local officials. One of the purposes of the JES is to test whether the perceptions of local officials deviate from these expectations.

The Chinese bureaucracy is a nested hierarchy, and its cadre appointment system is complex, multitiered, and decentralized. Unlike the typical principal–agent problem of firms that seek to monitor the performance of their employees, the careers of local officials are controlled by a multiplicity of principals, who are in turn answerable to their own higher-order principals. In this context of interlocking directorates, agents face two distinct problems. As is true in any principal–agent relationship, given a known principal, agents must decide how much effort to produce consistent with the information that is available to their principal in exchange for a reward. Typical principal–agent models assume that players have complete, but not necessarily perfect, information: At a minimum, subordinates know who their boss is, though they may not accurately forecast the likelihood of a reward given their own effort. Simply put, Chinese officials expect to be promoted if they act in accordance with the desires of their appointer.

Agents who operate in complex organizations also face a second problem, however. They must identify who their principals are and

evaluate their monitoring capability and their relative power in the promotion process. Only then can the calculus of effort take place. Unlike the employees of a firm, local Chinese officials are required to play a far more complicated game. Since promotions involve a multiplicity of principals, the enforcement costs of the policy are likely to rise dramatically if players misperceive the structure of the game they are engaged in and play to the wrong principal(s). With repeated play, the identity of the principals is more likely to become common knowledge, but time is in short supply for lower-ranking officials who compete against each other for promotions to a smaller set of positions.

Anders Åslund (1995) and Stephen White, Greame Gill, and Darrell Slider (1993: Chap. 7) show that Soviet reforms failed in part because the central leadership was unable to elicit the support of lower-level officials, who failed to perceive how reforms would benefit them directly. In China's case, personnel reforms also have increased the risk of hierarchical failures: Officials who misperceive the new rules of the game or face incomplete and imperfect information may not be able to signal their competence and loyalty to their true principal effectively, and may fail to be promoted as a result. Hierarchical failures – measured as abnormal patterns of promotions – can be politically costly during periods of organizational reorganization and are likely to occur when agents have a very short shadow of the future. For Chinese officials, promotions are rare events. Appointments are typically made for a period of three to five years, although these can usually be renewed. As a result, an official can expect no more than three or four major promotions in the course of his career. Assuming that the distant future is heavily discounted, disgruntled agents have few incentives to keep cooperating with their principals. If expected promotions do not materialize, they may conclude that continued defection (shirking) is the best course of action because opportunities for repeated play are limited. Since disappointment breeds disloyalty, it is in the Party's interest to maximize the share of officials who believe that their efforts will be rewarded appropriately.

#### DO INDIVIDUAL PERCEPTIONS VARY?

The beliefs and values of agents who operate in the same institution – even if we assume that they are rational gain seekers – are likely to

vary, which may affect how individuals play the promotion game. In this section, I examine the implications of three conceptual models of perceptive heterogeneity and lay out their implications for the appointment system. Elite transformation, political economic, and bureaucratic variables are then introduced in an econometric model that tests empirically whether these competing perspectives explain the observed variation among the JES respondents.

### **Elite Transformation and Value Change**

A great deal of empirical research on Chinese cadres stresses the capacity of the state to alter the composition of the cadre corps under reform. Most authors conclude that China's central leadership realized at the outset of economic reforms that fundamental adjustments to the cadre system were a necessary condition for the successful implementation of economic reforms. Reformers in Beijing assumed that the policies of economic reform would be best carried out and legitimized if they were implemented by a modern technocratic elite (Harding, 1981; Li and Bachman, 1989; Lee, 1991; Shen, 1994; Zheng, 1997). In practice, the center sought to achieve results in four distinct but interrelated areas.

***Rejuvenation of the Corps at All Levels.*** This entailed the retirement of leaders who had sometimes held their posts for several decades. Cadres who were retired were to be replaced by middle-ranking officials who had been denied opportunities for promotion because of the cohort effect of the revolutionary change of the 1950s. At the junior level, new cadres were recruited from institutions of higher learning in large numbers, which served the dual purpose of cadre rejuvenation and increase in the level of education of the corps.

The distribution of the respondents' age exhibits sufficient variation to test the hypothesis that elite transformation leads to changed attitudes toward the cadre system. The histogram is surprising in two respects. First, the vast majority of the respondents (64%) were born before 1950. With a mean age of 48 (Standard Deviation = 6.5), about 16% of sample cadres were expected to retire within four years.<sup>4</sup>

<sup>4</sup> This assumes a retirement age of 60.

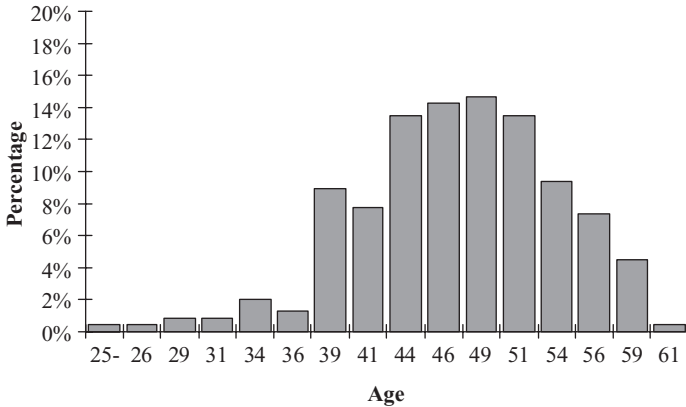


FIGURE 4.1. Age Distribution of the Respondents of the Jiangsu Elite Survey (N = 245).

Second, the proportion of young officials remains low despite efforts to rejuvenate the cadre corps: only 14% of respondents were less than 30 years of age. (See Figure 4.1.)

***Raising the Overall Level of Cadre Education, Especially of Leading Cadres.*** In addition to the emphasis on recruiting graduates from prestigious institutions, the CCP made a concerted effort to establish a large number of crash programs designed to increase the overall competence of local officials. This entailed granting them extended leaves of absence to attend regular university classes, as well as offering short-term programs within the Party school system that introduced cadres to the core economic concepts underlying reform policies at the local level. The efforts were clearly successful: By 1996, the majority of JES officials had received at least some tertiary education. (See Figure 4.2.)

***Greater Specialization.*** The Party's educational efforts (known as *zhishihua*) were closely related to the need to increase the degree of specialization among cadres. Pre-reform university education was decried for its irrelevance to the daily practice of cadre work: Marxist political economy, history of the Party, or Marxist philosophy were all disciplines consistent with attaining a "higher level of education," but fell well short of the need to create a more efficient technocratic elite. As a result, even cadres with seemingly "high" levels of education were



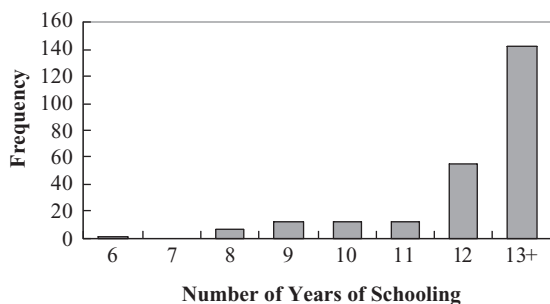


FIGURE 4.2. Level of Education among JES Respondents (N = 245).

retrained in the disciplines directly related to their primary area of responsibility.

**Maintaining Political Reliability.** Finally, the center insisted that the modernization of the corps would not occur at the expense of its political reliability. While “proper” class labels were no longer a prerequisite for access to cadre status, the new technocratic elite was supposed to maintain a “high degree of ideological awareness,” which entailed membership in the Party, allegiance to the four cardinal principles, and compliance with Party regulations. In practice, “revolutionarization” (*geminhua*) meant that cadres were strongly encouraged to join the CCP immediately upon being appointed as state cadres if they were not already Party members. A small minority was allowed to join one of the “democratic parties.”<sup>5</sup>

The distribution of respondents by political affiliation points to the relative political diversity of the sample. (See Table 4.1.) Most interviewees were CCP members, but considering the distribution of Party members grouped by period of entry, it seems clear that the shift

<sup>5</sup> The so-called democratic parties (*minzhu dangpai*) are satellite organizations similar to the members of the “Popular Fronts” that existed in several East European countries. They were originally established under Mao as the institutional vehicle of the theory of the “new democracy” put forth by the chairman in the 1940s. The “democratic parties” were largely ceremonial under Mao, and were essentially destroyed during the Cultural Revolution. Under Deng, they were gradually rebuilt (under the close supervision of the CCP), mainly in urban areas, and focus on recruiting intellectuals and well-educated officials. There are nine officially registered democratic parties, excluding “mass organizations” such as the Communist Youth League and the Women’s Federation. See Seymour (1987).

TABLE 4.1. *Respondents' Membership in Political Parties*

| Political Status                                             | Frequency |
|--------------------------------------------------------------|-----------|
| Current CCP member, never a member of a "Democratic Party"   | 237       |
| Current CCP member and former member of a "Democratic Party" | 1         |
| Current member of a "Democratic Party"                       | 1         |
| No Party membership                                          | 6         |

Notes: N = 245. DK = NA = 0.

Source: JES database.

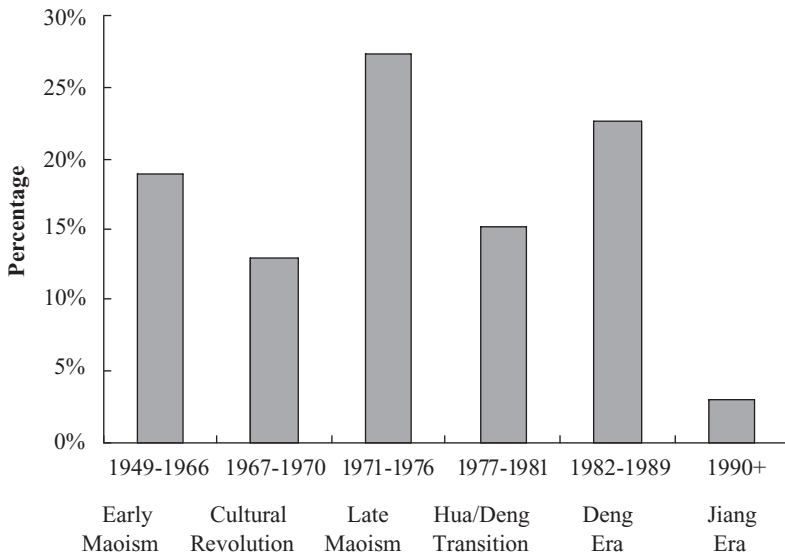


FIGURE 4.3. Distribution of CCP Membership among JES Respondents, by Period of Entry (N = 238).

to younger and better-educated cadres by no means led to the complete displacement of the "old guard": Cadres who joined the Party after the beginning of reforms were still a minority (Figure 4.3).

### Implications for the Perception of the Organizational System

China's effort to modernize the cadre corps has important political implications. A key tension lies in the potential contradiction between

goals 1, 2, and 3 and the emphasis on political reliability. Even before the dramatic events of 1989, the experience of the Soviet Union and its European allies demonstrated that the rise of a technocratic, generally competent, elite posed severe challenges to the authority of the Party. Democratic centralism alone could not rein in opportunistic cadres with the ability and wherewithal to attain private goals that were incompatible with the regime's stated objectives.

The general hypothesis of the elites' weakening commitment to regime goals following the shift to a postrevolutionary technobureaucracy can in part be tested in the organizational arena. If the views of the "new elite" differ systematically from traditional Party cadres, we would be on firmer ground in concluding that the sociological transformation of local elites is politically consequential. Observing differences, however, is a necessary but insufficient condition for falsifying the hypothesis of the CCP's weakening control over the organizational system: Establishing such a dysfunctional impact requires us to demonstrate that the transformed elite holds a set of beliefs that are fundamentally at odds with the main thrust of China's personnel policy.

Others argue instead that elite transformation increases loyalty to the reform process, and by extension the regime itself. Mingming Shen (1994) combines attitudinal and structural factors in his study of county leadership in North China. While he measures substantial value change relative to the pre-reform era, he traces it to the successful implementation of a cadre rejuvenation policy at the local level and the steady rise of the level of education of local leaders. Drawing on his findings, one could hypothesize that elite transformation *increases* conformity with the objectives of personnel reform. Hung-Yong Lee also concludes that the effective replacement of old revolutionaries occurred along with a shift in recruitment policy away from criteria of political reliability. He cautions that "[a]lthough we cannot assume that the bureaucratic technocrats form a homogeneous group with a shared ideology and policy preferences, they are on the whole quite different from the revolutionary cadres in many respects" (1991: 403). Reasoning by "political generation" suggests that the variables stressed by Shen may not capture the deeper underlying cleavages at the local level. The Maoist Party-state displayed a tremendous capacity for integrating individuals who had a wide array of experiences but

who shared a commitment to the revolutionary cause. Thus, political seniority – measured as years of membership in the Communist Party – is more likely to explain intra-elite differences.<sup>6</sup> Senior cadres are likely to emphasize the importance of Party institutions that were hegemonic in the Mao era (such as the Organization Department and the local Party secretary), while younger officials are more likely to believe that non-Party institutions that were revived in the 1980s (such as county people's congresses) also play an important role in the appointment process.

### Political-Economic Explanations

Economic reforms and decentralization have increased regional disparities, and concerns about the political consequences of these disparities have also mounted (Wang Shaoguang, 1995, Hu et al., 1995; Hu and Wang, 1996). With greater decentralization, distinct interest groups compete for power and influence both across and within localities. When the size of the planned economy diminishes and local governments are empowered to make effective economic policy decisions, upper levels of government relinquish operational decision making to lower levels, intervening only when interlocal conflicts erupt or to sanction officials who transgress clearly stated norms of behavior. Local elites with access to resources are prone to resisting the political demands of their superiors; hence, the proposition that decentralization reduces the political capacity of the center and undermines the political cohesion of the Party (Goodman, 1986, 1992, 1994; Wedeman, 1995; Dali Yang, 1997).

More specific predictions emerge from studies about the implications of fiscal decentralization. Most authors conclude that state capacity is negatively correlated with the degree of fiscal decentralization. Specifically, locales that are net remitters of fiscal revenue can hold higher levels of government at bay, while net recipients of fiscal subsidies are too dependent to resist or challenge policies from above (Wang Shaoguang, 1994, 1995; Hu and Wang, 1996; Oksenberg and Tong,

<sup>6</sup> Not all respondents are CCP members. Nonmembers were not excluded from the analysis, but instead coded "o" for Party seniority.

1991; Hao and Lin, 1994).<sup>7</sup> This suggests the hypothesis that the careers of officials posted in fiscally powerful localities are less dependent on higher-level Party institutions, whereas officials who depend on handouts from above are more subservient to the CCP.

A second line of argument is that political autonomy varies not only across but also within localities. Cadres are utility maximizers who face different constraints, depending on the organization where they happen to be posted: Those who enjoy access to resources tend to evade control. Since economic decentralization benefits various segments of the local bureaucracy unevenly, officials appointed to bureaus closely related to the economy are most likely to accumulate political resources that enhance their bargaining position vis-à-vis their superiors.<sup>8</sup>

A less benevolent explanation for the loss of political control is that individuals are no longer rewarded by a few principals positioned in the bureaucracy, but instead seek a range of private rewards beyond the sphere of ordinary bureaucratic activities, be they legal or not. From this perspective, Party control over local cadres has already sunk below the threshold where coercive methods are effective for ensuring compliance with Party discipline: If a cadre cannot extract sufficient benefits from his official position or if the opportunities to pursue private gains are reduced, he can always opt to “dive into the ocean” (*xia hai*), a term used to describe the trend among cadres who resign their official positions and take up managerial posts in the market economy.

Both causal mechanisms suggest the weakening or loss of Party control within locales. A further implication is that the loss of control is not completely dependent upon the formal rank of officials,

<sup>7</sup> For a critique of the cumulative utility of studies of the local state in China, see Chung (1995).

<sup>8</sup> This is particularly the case if the official in question is a monopolistic supplier of a good valued by higher-level bureaucrats. Under the planned economy, some ministries and local agencies can carve out tremendous influence so long as they supply products for which there are no, or too few, substitutes in the national economy. Celebrated cases in the Soviet economy included the petroleum industry and the military-industrial complex. Huang's (Huang Yasheng, 1995) comparison of the bureaucratic structures of the planning system in the Soviet Union and China implies that such behavior is less likely in the PRC under the planned economy. Even under a decentralized system and a (partially) marketized economy, local economic officials remain the only intermediaries between the state and market actors. See Oi (1992, 1995, 1999) and Walder (1995a, 1998).

but should also be observed among the subset of lower-ranking local cadres positioned in segments of the state and Party apparatus with disproportionate influence on economic affairs.

To summarize, competing political-economic explanations of the waning of Party control in a era of economic decentralization agree that local conditions matter, but make different predictions about the specific source of local variation. Whereas approaches stressing “localism” point at variations in the degree of political control *across* locales, the assumption that bargaining power is a function of individuals’ access to resources leads to the conclusion that cadre perceptions of political control should vary *within* – but not necessarily across – counties.<sup>9</sup>

### Bureaucratic Approaches

Models of bureaucratic politics have long posited that structures shape attitudes and behavior (Allison, 1971), and the proposition has been tested in the context of policymaking and policy implementation in China under reforms (Lieberthal and Oksenberg, 1988; Lampton, 1992).

The bureaucratic approach complements more than it challenges the proposition that beliefs are shaped by explicit institutional norms: Its contribution lies in the emphasis that bureaucratic behavior is likely to deviate from formal lines of authority. Some individuals may accumulate political resources in specific segments of the bureaucracy that enable them to manipulate, resist, or reshape formal lines of authority. As a result, their perception of hierarchical relationships is likely to differ from that of weaker bureaucratic actors. In general, bureaucratic models predict that political outcomes vary as a function of the uneven distribution of tangible and intangible resources among bureaucratic actors.

The fundamental logic of bureaucratic politics is very similar to the political-economic argument that differential access to resources

<sup>9</sup> In the multivariate model tested in this chapter, county-specific effects are treated as dummy variables. The baseline locale is the poorest of the four counties selected in the study, which implies that their associated coefficients should be negative. In addition, if the argument here is correct, the size of the coefficients should correlate positively with the economic importance of the counties.

affects perceptions of power relations. The key difference lies in the operationalization of resources and influence: Here, resources may be intangible and actors need not maximize private benefits. Indeed, formal models of bureaucratic politics typically make the simplifying assumption that officials seeking advancement maximize the budget allocated to their organization (Niskanen, 1971). From this perspective, the utility of the individual bureaucrat is operationally coterminous with the utility of the organization.<sup>10</sup>

The implications of the bureaucratic approach for the perception of the appointment system are derived from the assumption that resources are unevenly distributed among actors. Powerful actors are more likely to effectively resist external pressures, while those poorly endowed with tangible or intangible resources are less likely to do so. In the multivariate model introduced in the next section, bureaucratic resources are measured by combining objective and subjective indicators of the power of the respondents' post in their county.

## THE APPOINTMENT SYSTEM PERCEIVED

### Obtaining Rank Orderings

There are several plausible ways to assess individual belief structures. Since the ultimate objective is to construct individual rank orderings over a range of institutions that affect the promotion of local cadres, it seems natural to ask the respondents to produce rank orderings directly. I rejected this approach because the task of ordering the relative importance of eleven institutions is too complex (and time consuming) for the respondents. Interviewers were also likely to make clerical errors. I chose instead to ask the respondents to weigh the importance of each institution for the promotion of officials at their own rank. The metric is a four-point scale, ranging from "very important" to "irrelevant." The specific question items are summarized in Table 4.2. Implicit rank orderings were computed a posteriori.

Beyond individual belief structures, respondents must be differentiated by formal bureaucratic rank. "Lower-level cadres" consist of the respondents under county nomenklatura control, ranging from the

<sup>10</sup> For a discussion of the goals of bureaucrats in the Chinese context, see Huang (1990).

TABLE 4.2. *The Organization System, by Question Item*

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|                              |                                             |
|------------------------------|---------------------------------------------|
| State institutions           | County head                                 |
| Representative institutions  | County people's congress                    |
| Communist Party institutions | County Party secretary                      |
|                              | County CCP committee                        |
|                              | County Organization Department              |
|                              | County Discipline Inspection Commission     |
|                              | Municipal CCP committee                     |
|                              | Municipal Organization Department           |
|                              | Municipal Discipline Inspection Commission  |
|                              | Provincial Organization Department          |
|                              | Provincial Discipline Inspection Commission |

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Q: According to you, how important are the following leaders and organizations for the promotion of cadres at your own level? Are they very important, important, not very important, or irrelevant?

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lowest rank in the sample (deputy bureau chief in the county government) to the position of commission chairman. In the following section, I disaggregate these cadres in four categories: deputy bureau heads, bureau heads, deputy commission chairmen, and commission chairmen. If nomenklatura authority is decisive in the appointment process, we should observe attitudinal differences between higher- and lower-ranking officials, but not within the group of lower-ranking cadres, regardless of their administrative rank.

As I discussed in Chapter 2, Jiangsu's decision to abolish prefectures and place all counties under direct municipal control coincided with the reform of the cadre appointment system. This dual process produced a dramatic downward shift in the distribution of power among locales by allowing county committees to control the appointment of most county government officials. As for municipalities (and within them, the Party committee and its Organization Department), they were granted direct nomenklatura authority over the small but highly significant group of high-ranking county leaders.

Assessing the political consequences of decentralization for the integrity of the political system requires a clear separation of intended from unintended consequences of reform. The empirical observation of a downward shift in the distribution of power among locales does



TABLE 4.3. *Subjective Importance of Institutions for the Promotion of Cadres at Their Own Level*

| Question Item                               | Overall Mean Score | Low-Level Cadre Mean Score | High-Level Cadre Mean Score | Level of Significance (High vs. Low) |
|---------------------------------------------|--------------------|----------------------------|-----------------------------|--------------------------------------|
| County Party secretary                      | 1.29               | 1.29                       | 1.28                        | 0.55                                 |
| County Organization Department              | 1.53               | 1.49                       | 1.94                        | 0.00                                 |
| County head                                 | 1.58               | 1.56                       | 1.83                        | 0.05                                 |
| County Party committee                      | 1.83               | 1.81                       | 2.06                        | 0.31                                 |
| County Discipline Inspection Commission     | 2.45               | 2.44                       | 2.63                        | 0.14                                 |
| County people's congress                    | 2.46               | 2.44                       | 2.68                        | 0.63                                 |
| Municipal Organization Department           | 2.85               | 2.94                       | 1.84                        | 0.00                                 |
| Municipal Party committee                   | 3.08               | 3.16                       | 2.05                        | 0.01                                 |
| Municipal Discipline Inspection Commission  | 3.16               | 3.21                       | 2.58                        | 0.00                                 |
| Provincial Organization Department          | 3.47               | 3.53                       | 2.68                        | 0.00                                 |
| Provincial Discipline Inspection Commission | 3.50               | 3.55                       | 2.95                        | 0.01                                 |

Note: 1 represents the highest score, 4 the lowest.

not by itself constitute adequate evidence of the loss of political control by higher-level authorities, so long as these changes remain consistent with the goals of the reformers. The only proper evidence of political decline lies in *deviations from the goals* of reform.

Table 4.3 summarizes the response for each item, sorted by their average score. The results are remarkably consistent with the hypothesis that effective decentralization of the appointment system has taken root at the county level: County-level institutions are rated higher than municipal ones, and those in turn have higher ratings than provincial institutions. Such results are expected given the overall composition of the sample: Since 83% of the cadres are formally under county management, average rankings are heavily skewed toward expected results for lower-level cadres.

When we divide the sample by the level of formal nomenklatura control, the results are even more illuminating. The most striking result

pertains to the weight of the county institutions, particularly the county Party secretary, the county Party committee, and the county people's congress: The null hypothesis that mean values for high-level cadres and low-level cadres are identical cannot be rejected, whereas the differences by cadre rank are highly significant elsewhere. It appears that there is a strong consensus that county-level institutions are equally important to the appointment process of all cadres, whether they are under county management or not.

However, the difference over the specific role of the county Organization Department is in the expected direction: lower-ranking officials rate the county OD higher (1.49 vs. 1.94), whereas for high-level cadres, the municipal OD carries the higher rating (2.68 vs. 3.53). In both cases, the difference is statistically significant at the .001 level. Based on the mean values presented in Table 4.3, the following rank orderings of the importance of Organization Departments seem to hold: For officials under municipal management:

Municipal OD > Country OD > Provincial OD

While for officials under county management:

Country OD > Municipal OD > Provincial OD

This is a crucial result. Although local elites strongly agree that county-level institutions are critical to the promotion process, the perceived importance of Organization Departments at each level is entirely consistent with the intended outcome of decentralization. In spite of the obvious importance of county-level institutions, cadres formally under municipal management clearly believe that promotions depend more on municipal ODs than on their county counterparts.

***Officials under County Management.*** Cadres who rank municipalities higher than counties ( $M > C$ ) violate the principle that primary nomenklatura authority lies within the county.<sup>11</sup> However, based on the preceding section, we expect that most rankings should be such that  $C > M$ . Introducing the provincial level, the expected individual

<sup>11</sup> Notice, however, that such a deviation from the regulatory norm remains consistent with the proposition that the appointment system remains centralized in spite of the Party's best efforts to move away from the two-levels-down principle.

**Officials under county management**

- $C > M > P$  is consistent with reform
- $M > C > P$  is consistent with pre-83 reform, but violates current policy

**Officials under municipal management**

- $M > P > C$
- $M > C > P$  are both consistent with current cadre policy

FIGURE 4.4. Expected Rank Orderings in Case of Effective Decentralization. C = county; M = municipality; P = province.

rank ordering:

Country > Municipality > Province

is consistent with current regulations. It only emphasizes that the province is the least relevant level: This is consistent with the stipulation that the municipal level must be kept informed of county-level appointment and promotions and may choose to veto them, but does not exercise primary nomenklatura authority over such cadres. The province is expected to rank last, since it has no direct control over the appointment of county-level cadres.

***Officials under Municipal Management.*** The expected rank orderings for cadres under municipal management are more ambiguous. At the minimum, one can posit that  $M > C$  and  $M > P$  but it is impossible to infer from the formal rules of appointment whether the province should rank higher than the county, or vice versa. Both entities are formally relevant to the appointment process, but in very different ways: The county matters insofar as regular evaluations are supposed to take place within the unit where a cadre is posted. These are forwarded to the Organization Department that holds the personnel dossier of the cadre in question, and inserted in his/her file. Such assessments are not binding, although they are supposed to influence promotional decisions (Figure 4.4).

For high-level cadres, the provincial level operates similarly to municipalities vis-à-vis county-level cadres: the provincial OD receives appointment (and dismissal) reports for information (*bei'an*) and may

TABLE 4.4. *Rank Ordering of the Importance of the Party Secretary vs. the County Head*

|                            | The Party Secretary<br>Is at Least as Important<br>as the County Head |               | The Party Secretary Is<br>Strictly More Important<br>Than the County Head |                |
|----------------------------|-----------------------------------------------------------------------|---------------|---------------------------------------------------------------------------|----------------|
|                            | No                                                                    | Yes           | No                                                                        | Yes            |
| Deputy bureau head         | 2<br>2.63%                                                            | 74<br>97.37%  | 52<br>(68.42%)                                                            | 24<br>(31.58%) |
| Bureau head                | 1<br>1.23%                                                            | 80<br>98.77%  | 65<br>(80.25%)                                                            | 16<br>(19.75%) |
| Deputy commission<br>chair | 0<br>0.00%                                                            | 37<br>100.00% | 27<br>(72.97%)                                                            | 10<br>(27.03%) |
| Commission chair           | 0<br>0.00%                                                            | 31<br>100.00% | 21<br>(67.74%)                                                            | 10<br>(32.26%) |
| Core leaders <sup>a</sup>  | 0<br>0.00%                                                            | 20<br>100.00% | 10<br>(50.00%)                                                            | 10<br>(50.00%) |

Notes: N = 245.

<sup>a</sup> Core leaders refer to respondents ranked at or above the level of deputy county head (or deputy Party secretary) and fall under municipal management.

Source: JES database.

choose (in coordination with the provincial committee) to veto a municipal decision. Provinces, however, do not directly appoint county leaders.

### The CCP, the County Government, and the People's Congress

**Party vs. Government.** The comparison between the perceived importance of the CCP secretary and the county head illuminates the hierarchy between the Party and the government at the local level, which remains a predominant feature of China's formal administrative structure. Should respondents indicate no significant difference, one would be inclined to conclude that Party primacy is being eroded. The clearest indication of Party decline would be a rank ordering weighing the county head higher than the Party secretary. Conversely, a broad agreement that the secretary is more important to the appointment process than the head of county government weakens the hypothesis that Party control is declining.

Table 4.4 shows that the primacy of the county secretary in the area of cadre appointment remains unchallenged, regardless of the

respondent's rank. Only three cadres rated the county head higher than Party secretary. Statistically, the test of association when respondents are grouped by level of nomenklatura control (high-level leaders vs. all others) shows no significant difference among respondents.<sup>12</sup> It is noteworthy that the perceived dominance of the Party secretary rises with rank: For 20% of deputy bureau heads, the latter prevails, while half of the high-level officials stated that the secretary matters more than the county head.<sup>13</sup>

*Party vs. the Local People's Congress.* The enduring primacy of the Party can also be tested against the hypothesis that a gradual shift toward a more meaningful system of popular representation has increased the weight of the local people's congresses (Lam 1995; Zheng 1997; O'Brien, 1990). At the county level, the LPC theoretically elects the county head and his deputies, while the standing committee must confirm the appointment, promotion, and removal of all bureau heads, commission chairmen, and their deputies.<sup>14</sup> Overall, if LPCs are indeed moving away from their traditional role as a pro forma body, one would expect that their perceived importance to rise with the rank of the respondent (Table 4.5).

There is little evidence to support the hypothesis that the importance of the LPC rises with rank. The answers among core leaders are statistically identical to those of the lowest-ranking cadres, even though one would expect the perception between these groups to be most dissimilar: Less than half of the high-ranking officials regarded

<sup>12</sup>  $\chi^2(1) = 0.27$ ;  $p = 0.603$ .

<sup>13</sup>  $\chi^2(1) = 5.02$ ;  $p = 0.025$ . Kendall's  $\tau_b$  is 0.143 and ASE = 0.07, which implies a positive correlation between rank (grouped by nomenklatura authority) and the propensity to view the Party secretary as strictly more important than the county head.

<sup>14</sup> Local people's congresses are technically outside the realm of the CCP and do not formally confirm the appointment of Party leaders. As a result, several "core leaders" in the local Party apparatus may not be subject to confirmation by the LPC, although in practice most high-level Party officials hold concurrent appointments (*jianzhi*) in the state administration. For instance, county vice secretaries frequently serve as deputy head of county governments. The questionnaire purposefully ignored the formal distinction by simply asking the respondents to weigh the importance of each organization for cadres at their own level.

TABLE 4.5. *Importance of the Local People's Congress*

| Respondent's Rank         | Very Important | Somewhat Important | Not Very Important | Irrelevant     |
|---------------------------|----------------|--------------------|--------------------|----------------|
| Deputy bureau head        | 11<br>(14.47%) | 25<br>(32.89%)     | 29<br>(38.16%)     | 11<br>(14.47%) |
| Bureau head               | 11<br>(13.58%) | 42<br>(51.85%)     | 19<br>(23.46%)     | 9<br>(11.11%)  |
| Deputy commission chair   | 3<br>(8.33%)   | 16<br>(44.44%)     | 9<br>(25.00%)      | 8<br>(22.22%)  |
| Commission chair          | 3<br>(10.00%)  | 14<br>(46.67%)     | 12<br>(40.00%)     | 1<br>(3.33%)   |
| Core leaders <sup>a</sup> | 1<br>(5.26%)   | 7<br>(36.84%)      | 8<br>(42.11%)      | 3<br>(15.79%)  |

Note: "Core leaders refer to respondents ranked at or above the level of deputy county head (or deputy Party secretary) and fall under municipal management.

Source: JES database.

the LPC as either "very important" or "somewhat important" in the appointment process of cadres at their level.<sup>15</sup>

**Communist Party Institutions.** The supremacy of the Party vis-à-vis local governments and the weakness of people's congresses cannot as such fully account for the complex process of cadre promotion. The bulk of the rules and regulations that structure the cadre management system presented in Chapter 2 focuses on the relationship within and between local CCP institutions. Three sets of Party institutions participate actively in cadre work: Local Party committees exercise leadership over the local corps through the nomenklatura system. A county Party committee makes appointment decisions, upon recommendation by the County Organization Department. All decisions must be reported for information to the higher-level Party committee, the municipal one in this case.<sup>16</sup>

<sup>15</sup> Such results indicate that despite the very high response rate throughout the survey, it is reasonable to assume that the respondents gave truthful answers and did not adapt their choices to the prevailing political trend. It is worth noting that for core leaders, the "politically correct" answer is to ascribe great importance to the local people's congress.

<sup>16</sup> In some instances, the Discipline Inspection Commission (DIC) may be involved in the assessment of a cadre considered for promotion, but the DIC is more active when

The hierarchy of intra-CCP institutions is critical to the management of cadre policy. Chinese officials often muse that the Organization Department remains the “first department under heaven,” capable if necessary of blocking decisions by the highest-ranking leaders. But without systematic survey data, it is extremely difficult to gauge the weight of the OD system relative to county committees and other Party organs that participate in the appointment process. Nor do we know how cadres at a given level evaluate the impact of the OD directly in charge of their dossier relative to the higher-level Organization Departments that hold veto power over appointments but are not directly in charge of their immediate career changes. The remainder of this section focuses on the perceived impact of various intra-CCP institutions at three levels that are relevant to the promotion of the officials surveyed in the JES: the county, the municipality, and the province.

COUNTY CCP COMMITTEE VS. MUNICIPAL CCP COMMITTEE. At the county level, the CCP committee is formally the highest decision-making body of the Party apparatus. The cadre nomenclature clearly defines the scope of positions directly under its control, and no formal appointment to a post in the state bureaucracy can take place until it is explicitly approved by the county committee. However, higher-ranking county leaders (above the level of deputy Party secretary) fall under the jurisdiction of the municipal Party committee. Effective implementation of the personnel reforms should lead to a sharp perceptive cleavage between cadres under county management and their superiors under municipal nomenklatura.

The cross-tabulations in Table 4.6 are consistent with the hypothesis that the decentralized cadre policy is understood to operate as it was intended. The division of responsibilities between the county and the city committee is clearly reflected by the respondent's choices: Up to the level of commission chairman, cadres are almost unanimous in their judgment that the county committee is at least as important as the municipal committee. The benchmark of strictly ordinal choices does not significantly affect the result, with the exception of

cadres are being investigated for violations of Party discipline. In such cases, the DIC conducts the investigation and recommends a course of action to the Party committee, which in turn decides whether the individual should be punished, transferred, or demoted.

TABLE 4.6. *Ranking of County and Municipal Party Committees among County Appointees*

|                            | N  | Strictly Ordinal<br>(No Ties Allowed) |                                    | Ordinal<br>(Ties Allowed)          |                                    |
|----------------------------|----|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|                            |    | Percent Who<br>Agree That<br>C > M    | Percent Who<br>Agree That<br>M > C | Percent Who<br>Agree That<br>C ≥ M | Percent Who<br>Agree That<br>M ≥ C |
| Deputy bureau head         | 74 | 16.2                                  | 83.8                               | 1.4                                | 98.6                               |
| Bureau head                | 79 | 20.2                                  | 79.8                               | 2.5                                | 97.5                               |
| Deputy commission<br>chair | 36 | 11.1                                  | 88.9                               | 5.6                                | 94.4                               |
| Commission chair           | 30 | 40.0                                  | 60.0                               | 0.0                                | 100.0                              |

Notes: N = 237, percentage by rank. C = county; M = municipality. Core leaders are excluded because they are exclusively appointed by the municipality.

commission chairmen. Among the latter, twelve respondents weigh both Party committees equally. In contrast, only five of high ranking produced ratings that are consistent with the proposition that the municipal committee is indeed more important than county committee. When the looser ordinal condition is applied, less than two-thirds agreed that the city committee is at least as important as the county organ.

SPECIALIZED DEPARTMENTS WITHIN THE PARTY: THE ORGANIZATION DEPARTMENT AND THE DISCIPLINARY COMMISSION. The last set of institutions under consideration exists exclusively for the purpose of personnel management and supervision. Unlike the secretary, the county head, and Party committee members whose responsibilities include but are not limited to personnel policy, Party Organization Departments are exclusively concerned with personnel management.<sup>17</sup>

The respondents strongly agree that the hierarchy of ODs matches the formal institutional structure of cadre management. Even without controlling for rank, aggregate responses confirm the predominant role of the county OD (Figure 4.5). More important is the distribution of responses over the role of the municipal OD: While it is only rarely

<sup>17</sup> I do not present results on the perceived hierarchy of county, municipal, and provincial CCP DICs. The results are similar to those about local Organization Departments, with the difference that DICs are seen as far less critical than ODs.



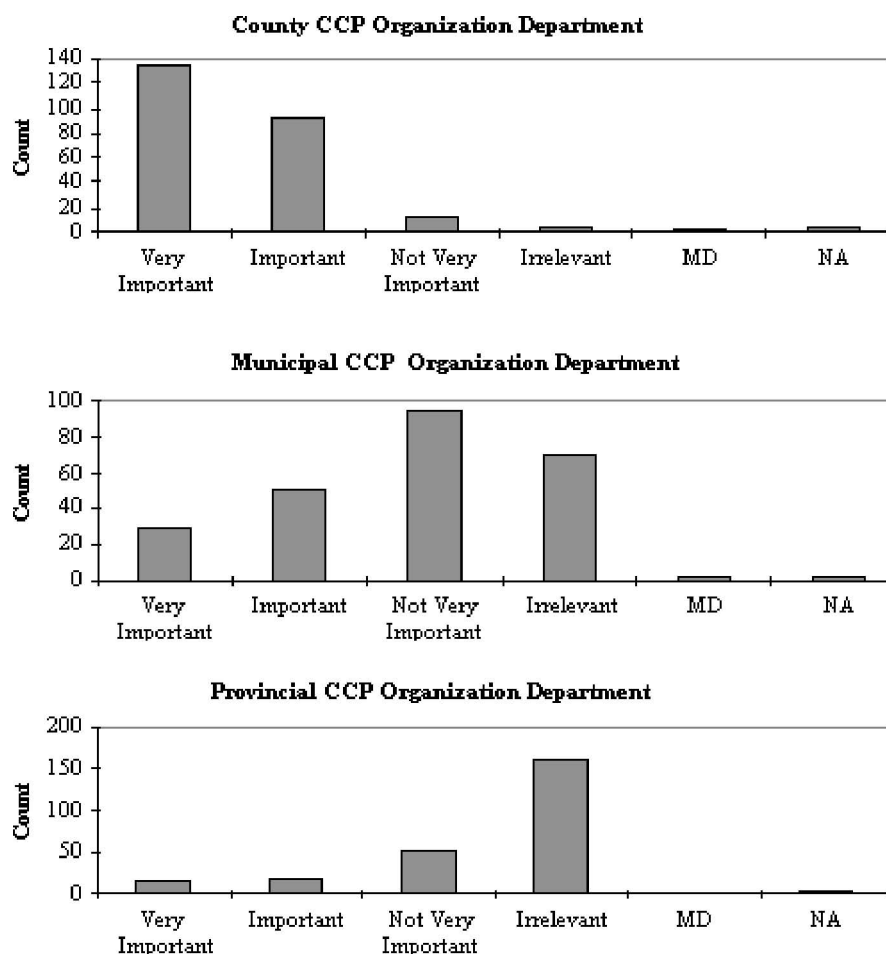


FIGURE 4.5. Stated Importance of Departments of Organization for Cadre Appointments at the Respondent's Rank, by Level of Local Government. MD: missing data; NA: refused to answer.

dismissed as irrelevant, it does rank significantly lower than the county OD, while the provincial department seems to affect only a small minority of cadres.

The test of individual consistency is more difficult to implement than the pairwise comparisons used for county and municipal committees. For cadres under county management, the rank ordering

County OD > Municipal OD > Provincial OD

TABLE 4.7. *Ranking of Local Organization Departments among Cadres under County Management*

|                         | N  | Percent Who Agree That<br>C > M > P<br>(No Ties Allowed) | Percent Who Agree That<br>C ≥ M ≥ P<br>(Ties Allowed) |
|-------------------------|----|----------------------------------------------------------|-------------------------------------------------------|
| Deputy bureau head      | 74 | 40.8                                                     | 93.4                                                  |
| Bureau head             | 79 | 30.9                                                     | 93.8                                                  |
| Deputy commission chair | 36 | 25.0                                                     | 94.4                                                  |
| Commission chair        | 30 | 30.0                                                     | 93.3                                                  |

Notes: N = 237. C = county; M = municipality. Core leaders are excluded because they are exclusively appointed by the municipality.

is consistent with current regulations. It is simply derived from the formal rule that the county OD manages local cadres but reports appointments to the municipal OD for information. In turn, the latter reports to the provincial OD upon request, or when statistical information about county personnel matters are compiled. (See Table 4.7.)

Lower-level cadres are virtually unanimous in their belief that the hierarchy of Organization Departments operates in practice as it is supposed to. The absence of variation by rank vindicates the argument that to the extent that beliefs over the relevance of institutions in the appointment system are correlated with cadre rank, they only do so at the threshold where the difference in rank is matched by a difference in the source of nomenklatura authority.

For cadres under municipal management, two rank orderings are consistent with the formal institutional structure:

Municipal OD > Provincial OD > County OD (a)

Municipal OD > County OD > Provincial OD (b)

The primacy of municipal institutions is straightforward: Municipalities have nomenklatura control over core county leaders, though they must report all appointments for information to the provincial Organization Department. The difficulty arises when the county OD is introduced in the comparison. Units where cadres are posted participate in their periodic assessment: Peer evaluations, the practice of polling subordinates over the performance of leading cadres, are

among the measures introduced since the 1980s in an effort to avoid arbitrary appointments (or at least the perception thereof). However, at the level of deputy county secretary, “democratic assessment” is likely to take place not within the OD but among Party committee members. As for the formal investigation (*kaocha*) preceding an appointment or a promotion, it is always conducted by the department of organization that maintains the cadre’s file. By definition, only the municipal Organization Department can do so for high-ranking county leaders.

It is, however, impossible to compare county and provincial organs directly. A provincial department can veto the municipality’s decision to appoint top county cadres, which occurs only under extraordinary circumstances.<sup>18</sup> On that basis, proposition (a) constitutes a proper test. A stress on less formal (but perhaps more substantive) hierarchies consistent with the Party’s body of regulations favors proposition (b).

Finally, a far less demanding test restricts the comparison to a simple pairwise proposition:

Municipal OD > County OD (c)

puts no restriction on the perception of the provincial organ.

The results using either approach illuminate an important point: Top county leaders only agree with the loosest of the propositions, namely, that the municipal Organization Department is at least as important as the county OD for the promotion of high-level county leaders. (See Table 4.8.)

<sup>18</sup> The Party leadership must be confirmed by the county Party congress. County heads and deputies are formally elected by local people’s congresses, but since they are almost always concurrently members of the county committee, they are also de facto subject to the approval of the local Party congress. I have no evidence of a refusal by a county Party or people’s congress to endorse an appointment decided at the municipal level. At the provincial level, rebellious congresses have sometimes blackballed candidates imposed by the center: In 1993, Zhejiang threw out the proposed appointment of Ge Hongsheng in favor of Wan Xueyuan. In Guizhou, the incumbent governor was ousted over the wishes of the center, and replaced by Vice Governor Chen Shinneng. See Lam (1995: 318) and *United Daily News*, February 1, 1993. Rebellious votes have become less prominent with the introduction of “*cha’er*” whereby the number of candidates slightly exceeds the number of posts available. By definition, a few candidates are always rejected under this system.

TABLE 4.8. *Rank Ordering of the Importance of Local Organization Departments among Core Leaders*


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|                                                                                 |                             |                          |
|---------------------------------------------------------------------------------|-----------------------------|--------------------------|
| Test (a): No consistent rank ordering exists given the institutional structure. |                             |                          |
| Test (b): No consistent rank ordering exists given the institutional structure. |                             |                          |
| Test (c):                                                                       | % who agree that $M \geq C$ | % who agree that $M > C$ |
|                                                                                 | 39                          | 13                       |

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Notes: N = 18. Core leaders refer to respondents ranked at or above the level of deputy county head (or deputy Party secretary) and fall under municipal management.

Source: JES database.

Overall, the views of the respondents of the Jiangsu Elite Survey on the cadre appointment system are remarkably consistent with the fundamental features of the formal system. The local officials share the belief that the formal hierarchy of intra-Party institutions is respected in practice. The CCP seems to have succeeded in instilling key institutional norms, namely, a shared set of expectations about the scope and the relative capabilities of the key institutions that govern the appointments of local officials. Furthermore, these norms indicate that the CCP's local organizations have internalized the objectives that the center sought to implement when it reformed and decentralized the cadre appointment system in 1984.

#### MODEL

The sociological, political economic, and bureaucratic hypotheses suggest that the assessment of the system of appointment and promotion by local officials can deviate from the formal structure that Party and government regulations depict. They strongly imply that cadres vying for promotions may not share "common" knowledge about the structure of the game they participate in. Individual experiences under reform, the differential impact of reforms on the locales, and the respondents' assessment of their own bureaucratic influence may well contribute to the determination of the relevant set of players in a multiple principal-agent game.

Alternatively, if a common knowledge of the personnel appointment system exists independently of individual idiosyncrasies, and if this common knowledge is consistent with the intended outcomes of

institutional reforms, we would be a step closer to establishing that the CCP has retained the capacity to reshape incentive structures at the local level.

The reliability of the survey instrument is a major concern of any study of this kind. Issues of cadre policy and Party organization remain sufficiently sensitive in China that the researcher must be reasonably assured that respondents give truthful answers. In the case of the question analyzed here, strategizing is the most serious threat to inference. The obvious risk is that respondents concerned about giving the “correct” answer may decide to adjust their answers in part on the basis of how they weighed previous items. This was a particular concern for the organs listed at the very bottom of the list: By then, cadres may be more worried about the overall coherence of their answers than the evaluation of each item on its own merit.

This concern led to the choice of a joint cross-sectional time-series (CSTS) probit estimation. (See Appendix 4A for a detailed explanation of the procedure.) The model explains the perceived importance of institutions seemingly relevant to the appointment process of local cadres. Due to the limitations of CSTS models, the ratings were recoded as binary variables (1 for “very important” or “important,” and 0 otherwise). The basic intuition is that it attempts to capture the peculiar way respondents were asked to evaluate each item. Simply put, they were framed by a general question, and then asked to weigh a series of items introduced sequentially, while keeping the general question frame in mind. The model posits that the perceived weight is determined by two concurrent but distinct processes:

$$p(Y_k) = \Phi(d \cdot \gamma_k + X\beta) + \varepsilon$$

where  $X$  represents a set of fixed individual attributes, namely, the series of independent variables just discussed. These are assumed to have fixed effects regardless of the specific item under consideration by the respondent.  $\gamma_k$  indicates item-specific assessments. In practice,  $Y$  is a vector of  $N \cdot T$  elements and  $d$  a dummy variable controlling for the specific item under consideration.<sup>19</sup>

<sup>19</sup> However, this methodology cannot account for the sequencing effect of these items. Note that this specification imposes the strong restriction that  $\beta$  is fixed for all question items. Predicted probabilities vary across items only because of  $d$ . This is

The results demonstrate without ambiguity that the formal structure of the appointment system is a far better predictor of perceptions than competing political economic and sociological hypotheses. Consider the set of dummy variables that control for specific institutions (Table 4.9). These measure the fixed effect of the subjective weight assigned by respondents, holding individual attributes constant. Since the baseline model assumes that the item under consideration is the county Party secretary, we compute the marginal probability that a respondent believes that the secretary is “very important” or “important” to the promotion process by evaluating the cumulative standard normal distribution for the constant term (1.152), which yields a predicted probability of 87.5%.<sup>20</sup> Similarly, the predicted probabilities for all items are computed by adding their respective coefficient to the constant term, and taking the cumulative normal of the sum.

The marginal probabilities presented in Table 4.10 are clearly consistent with my hypothesis. The set of dummy variables provides a snapshot of the political hierarchy of organs relevant to cadre promotion. As expected, the overall perception among respondents is that county organs matter the most, followed by municipal and provincial organs, in that order. Given that most interviewees are under county nomenklatura authority, the result is highly consistent with the expectations of the one-level-down policy.

Furthermore, the relative importance of the two non-Party items (the county head and the county people’s congress) tends to disconfirm the hypothesis that decentralization leads to rampant localism. If this were true, all items at a given level of government should be weighted more or less equally. Instead, the hierarchy among county-level institutions clearly shows the primacy of the Communist Party over institutional competitors. The very low score associated with the LPC shows that the local *Party* apparatus – and not any other county institution – dominates the promotion process.

A clear hierarchy also emerges within the local CCP apparatus. Consider the predicted probabilities for the Party committee, the local

in fact the case for most coefficients when separate probits are estimated for each question item.

<sup>20</sup> Since the model assumes the most important organ as its baseline, all item-specific dummy coefficients are negative, and their associated predicted probability is lower.

TABLE 4.9. *Probit Estimates of Subjective Ratings of the Importance of Institutions Related to Cadre Appointment*

| Probit for panel data. Dependent variable coded 1 if the respondent rated each institution as “very important” or “important,” 0 otherwise.<br>Number of respondents: 203. Number of observations: 2139.<br>$\chi^2(33) = 870.18$ (probability level < 0.0001) |         |                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|
|                                                                                                                                                                                                                                                                | $\beta$ | Standard Error |
| <b>Institutional contrasts (baseline is “county Party secretary”)</b>                                                                                                                                                                                          |         |                |
| County committee                                                                                                                                                                                                                                               | -0.411  | 0.192***       |
| County Discipline Inspection Commission                                                                                                                                                                                                                        | -1.512  | 0.176***       |
| County head                                                                                                                                                                                                                                                    | -0.092  | 0.207          |
| County Organization Dept.                                                                                                                                                                                                                                      | -0.044  | 0.210          |
| County people’s congress                                                                                                                                                                                                                                       | -2.502  | 0.203***       |
| Municipal committee                                                                                                                                                                                                                                            | -2.418  | 0.181***       |
| Municipal Discipline Inspection Commission                                                                                                                                                                                                                     | -2.690  | 0.186***       |
| Municipal Organization Dept.                                                                                                                                                                                                                                   | -2.231  | 0.178***       |
| Provincial Discipline Inspection Commission                                                                                                                                                                                                                    | -3.014  | 0.195***       |
| Provincial Organization Dept.                                                                                                                                                                                                                                  | -2.934  | 0.192***       |
| <b>Cadre characteristics</b>                                                                                                                                                                                                                                   |         |                |
| Bureaucratic rank                                                                                                                                                                                                                                              | 0.028   | 0.023          |
| Seniority in current post                                                                                                                                                                                                                                      | 0.069   | 0.036***       |
| Influence on county decision making                                                                                                                                                                                                                            | 0.066   | 0.020***       |
| Benefit of prefectural reform                                                                                                                                                                                                                                  | -0.166  | 0.045***       |
| Employment seniority                                                                                                                                                                                                                                           | -0.039  | 0.022**        |
| Seniority as state cadre                                                                                                                                                                                                                                       | -0.011  | 0.015          |
| Level of education                                                                                                                                                                                                                                             | 0.020   | 0.028          |
| CCP seniority                                                                                                                                                                                                                                                  | 0.018   | 0.005***       |
| <b>Contrasts for employment sector (baseline is “other”)</b>                                                                                                                                                                                                   |         |                |
| Agriculture                                                                                                                                                                                                                                                    | 0.196   | 0.129*         |
| Industry, commerce, and transportation                                                                                                                                                                                                                         | 0.097   | 0.112          |
| Finance, trade, and statistics                                                                                                                                                                                                                                 | -0.094  | 0.157          |
| Foreign affairs and economic relations                                                                                                                                                                                                                         | 0.793   | 0.183***       |
| Police, justice, and court                                                                                                                                                                                                                                     | 0.296   | 0.171**        |
| Misc. services                                                                                                                                                                                                                                                 | -1.231  | 0.928*         |
| Mass organizations                                                                                                                                                                                                                                             | -0.480  | 0.244***       |
| Education, sports, and health                                                                                                                                                                                                                                  | 0.137   | 0.148          |
| Family planning                                                                                                                                                                                                                                                | 0.250   | 0.299          |
| Environment and “greening”                                                                                                                                                                                                                                     | 0.511   | 0.296**        |
| Public utilities and post office                                                                                                                                                                                                                               | 0.250   | 0.187*         |
| Science and technology                                                                                                                                                                                                                                         | 0.002   | 0.302          |
| <b>County contrasts (baseline is pref 1, county 1)</b>                                                                                                                                                                                                         |         |                |
| Pref 1, county 2                                                                                                                                                                                                                                               | 0.316   | 0.102***       |
| Pref 2, county 3                                                                                                                                                                                                                                               | -0.029  | 0.102          |
| Pref 2, county 4                                                                                                                                                                                                                                               | -0.053  | 0.109          |
| Constant                                                                                                                                                                                                                                                       | 1.155   | 0.433***       |

Notes: Standard errors are adjusted for clustering by respondent. One, two and three stars denote probability levels at .01, .05, and .1, respectively.

Source: JES database.

TABLE 4.10. *Predicted Probability of the Importance for Cadre Promotion, by Institutions*

|                                             |       |
|---------------------------------------------|-------|
| County secretary                            | 87.5% |
| County Organization Department              | 86.5% |
| County head                                 | 85.6% |
| County Party committee                      | 77.4% |
| County Discipline Inspection Commission     | 36.8% |
| Municipal Organization Department           | 14.7% |
| Municipal Party committee                   | 11.2% |
| County people's congress                    | 9.9%  |
| Municipal Discipline Inspection Commission  | 7.0%  |
| Provincial Organization Department          | 4.2%  |
| Provincial Discipline Inspection Commission | 3.6%  |

*Note:* Probabilities are computed by setting all other coefficients to zero.

Organization Department, and the Discipline Inspection Commission at county and municipal levels. Across Party organs, the perceived difference in importance of the OD and the CCP committee is significant, but not enormous. However, the DIC (which is technically of secondary importance in this matter) drops far below the Party committee: For both county and municipal institutions, a shift from the DIC to the CCP committee more than doubles the probability that cadres view them as important.

**Rank, Power, and Influence.** Models of bureaucratic politics posit that perceptions and actions are to a large degree explained by the power of individuals, as well as the positions they hold. I operationalize this proposition by combining objective positional variables (rank and type of position held) with two attitudinal variables. Rank is constructed as a binary variable, and simply contrasts officials under county nomenclatura with their peers under municipal management. In addition to rank, the model also accounts for the respondents' seniority in their current post, as well as the stated influence of their bureau on economic decision making in the county. We find that officials posted in what they consider influential bureaus are more likely to believe that formal institutions affect appointments in practice (Figure 4.6). This result is interesting in the light of the debate about the degree of institutionalization of the Chinese political system: The more influential a cadre's



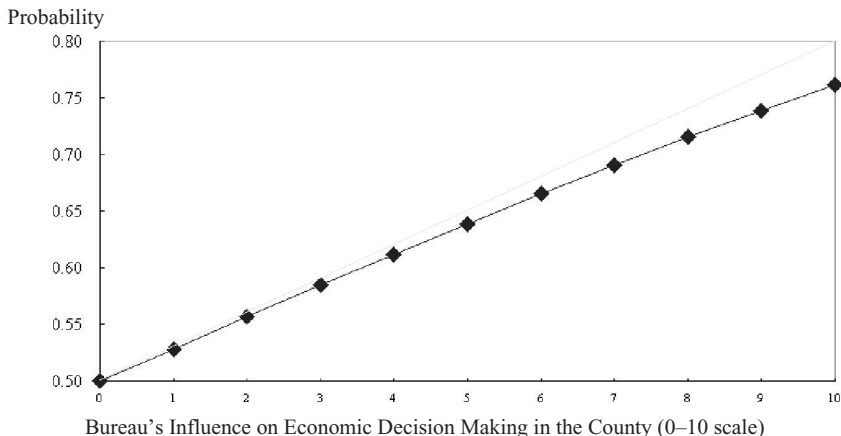


FIGURE 4.6. Fitted Impact of the Bureau's Influence in Economic Decision Making on the Perceived Importance of the County Party Secretary for Cadre Appointments. P is the fitted probability that a respondent believes that the county Party secretary is "important" or "very important" to the promotion process of cadres at their own rank.

bureau is, the more likely he/she is to respond that formal institutions matter, which seems to contradict the view that informality dominates the political processes.

**Support for Prefectural Reform.** The respondents were asked to evaluate the benefits of the reorganization on intergovernmental relations in their county. The question seeks to distinguish the perception that cadres have of the bureaucratic cluster in which they operate from their support for the way it has been transformed in the reform era. Given the scale used (1 to 5, where 5 measures the greatest opposition), it appears that the degree of support for bureaucratic reform has an impact on individual perceptions: The more skeptical the cadre, the less likely he/she is to believe that the appointment system is institutionalized (Figure 4.7).<sup>21</sup>

<sup>21</sup> The model cannot measure the impact of this variable for each institution, since the effects of individual attributes are fixed over the entire sequence of question items. My use of the term "institutionalized" is a consequence of this empirical limitation: I can claim that an individual attribute has a fixed (linear) impact on the respondents' perception of institutions *taken as a whole*. The predicted probability for a given item varies with individual characteristics, but the difference in predicted probabilities

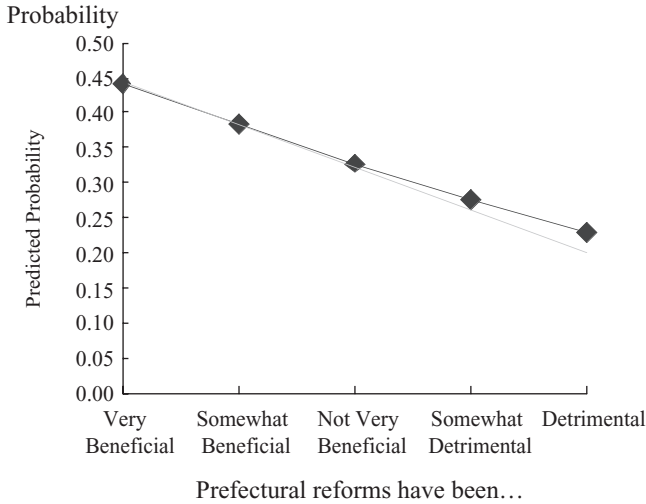


FIGURE 4.7. Relationship between Respondents' Assessment of Prefectural Reform and the Predicted Probability of Rating the County Secretary as "Important" or "Very Important" to the Promotion Process. Q: In your opinion, how would you characterize the impact for this county of Jiangsu's implementation of the reform that placed counties under the authority of municipal governments? P is the predicted probability that a respondent believes that the county Party secretary is "important" or "very important" to the promotion process of cadres at their own rank.

This is not all that surprising considering how cadres elaborated on the subject in open-ended responses. Many officials saw the decision to place their county under direct municipal authority as "abusive" or "exploitative." Thirty-four respondents stated that the reform has been detrimental or very detrimental to their county (Table 4.11). Some went so far as to claim that the "city eats the counties" and conveyed the notion that overbearing municipal governments are not conducive to the fair implementation of the spirit of decentralization. Such skepticism diminishes the importance of the county Party secretary in the eyes of officials who question of the benefits of prefectural reforms (Figure 4.7).

between any two items for a given individual is due solely to the difference in the magnitude of the estimated coefficients for the dummy variables corresponding to these items. Therefore, more (resp., less) institutionalized means that as a joint set, the eleven institutions included in the model are perceived as more (resp., less) important for the appointment process of the respondent in question.

TABLE 4.11. *Perceived Benefits of Prefectural Reform*

| Categories           | Frequency | Percentage of Valid Cases |
|----------------------|-----------|---------------------------|
| Very beneficial      | 16        | 6.90                      |
| Somewhat beneficial  | 105       | 45.26                     |
| Not much influence   | 77        | 33.19                     |
| Somewhat detrimental | 30        | 12.93                     |
| Very detrimental     | 4         | 1.72                      |
| Missing data         | 9         | —                         |
| No answer            | 4         | —                         |

Source: JES database.

**Localism.** The hypothesis that “localism” matters is very weak. Respondents from the “rich” county in the Northern Jiangsu (Municipality 1, County 2) see appointments as more institutionalized than elsewhere, but the substantive effect is moderate. This finding, however, is inconsistent with the proposition that local economic success increases bargaining power vis-à-vis the Party: If this were the case, the coefficient for the county should be zero (or negative), and at any rate of a smaller magnitude than the dummy coefficients associated with the highly successful counties of the Southern municipality. The county in question is the largest tax collector (in proportion to GDP), which would indicate bargaining strength on the part of the local officials and greater ability to resist political control by Party institutions. Instead, the positive coefficient suggests a *greater* impact of formal institutions than in the other counties of the Jiangsu Elite Study.

It remains that the respondents’ beliefs are not completely homogeneous across counties, and the hypothesis that localism causes political heterogeneity cannot be ruled out entirely. Again, the model developed in this chapter is not suitable for testing the impact of regional economic variation on actual implementation outcomes (I return to this question in Chapter 5), but only the perceived impact of formal institutions on the promotion process among local officials.

**Elite Transformation.** The last set of control variables included in the model pertains to the key sociological variables identified in the literature as relevant to the degree of Party control over local elites. The

stunning result is that even though variations in effective control may indeed be correlated with the sociological composition of the target group, these factors are totally unrelated to the respondents' perceptions of the appointment system. The coefficients for seniority and level of education are negligible, and only Party seniority (measured in years) is statistically significant, though its substantive impact is small.<sup>22</sup>

These findings cannot be ascribed to any unusual characteristic of the sample: As I have shown, the variance of the key sociological indicators is quite high. This effectively rules out the argument that this group of county elites is too homogenous to test the elite transformation hypothesis accurately. They are not, but their beliefs are. The lack of effect of elite transformation variables speaks to the capacity of the CCP to maintain a cohesive elite despite its demonstrated ability to mandate dramatic changes in the composition of local leadership.

## CONCLUSION

The data presented in this chapter demonstrate the robustness of the Chinese appointment system under reform and the continued capacity of the Party to shape, reward, and control local elites to a degree rarely acknowledged in the local implementation literature. This attitudinal converge is not due to the uniformity of these elites in terms of their sociological, economic, or political interests. On all of these dimensions, we observe instead considerable variability, and yet these elites share a common understanding of the workings of the institutions that are supposed to structure their careers as local officials. Despite decentralization, cadres still regard the formal institutions of the Party as the most important determinant of their administrative fate. Whether this perceived convergence holds in practice is the subject of the following chapter.

- **Common Knowledge.** The appointment system appears to be operationally robust. By this, I mean that local cadres agree that the formal lines of authority designed at the higher level of the Party and the state are respected. The data at this stage demonstrates that

<sup>22</sup> One cannot control for the age of the respondent explicitly because of the colinearity between age and seniority, which is captured as job seniority, seniority as a state cadre, and seniority as a Communist Party member.

a necessary (but not sufficient) condition of successful implementation is met: Local officials believe that formal rules matter, and are by and large in agreement over the key institutional features of the appointment system. This body of common knowledge ensures that all agents play the same appointment game; more, this knowledge is normatively consistent with the policy objectives of cadre reform.

This result is not innocuous. It leads us to question the frequent assertion (rarely substantiated) that informal politics reign supreme in authoritarian regimes, particularly in their communist avatars. Whether “informal,” “negotiated,” or “bargain oriented,” such systems are typically seen as weak because they are not institutionalized. Instead, the cohesion among respondents speaks to the capacity of the Party to instill and maintain formal norms. Even cadres who either question the extent of the success of the reform program in their county or oppose the reorganization of intergovernmental relations agree with their more docile peers: The structure of organizational authority remains consistent with the formal rules defined at higher levels.

- **Local Organization as a Dynamically Robust System.** The results also demonstrate the robustness of the organizational system in a second sense: Actors’ expectations are adaptive; cadre belief structures are not frozen in time but change as the formal rules change. The skeptics may counter that a belief structure consistent with institutional changes that occurred in the late 1980s is at best a sign of slow adaptation. This is not entirely the case: Over the entire career of a Chinese official, promotions are rare events. “Learning” how the system works requires many years of experience. The fact that most respondents’ rank orders were consistent with new rules regarding both cadre appointments and intergovernmental relations allows us to reject – at least in part – the argument that Chinese local political elites are entrenched, untouched by reform, and ossified by a rigid system in place since 1949, and that they behave as monosponic beneficiaries of local economic change. On the contrary, *the data reveal a surprisingly adaptive elite, regardless of the respondents’ assessment of the reform process.*
- **Organization as a System Robust to Elite Transformation.** The third source of robustness of the organizational system lies in the

remarkable result that the Party's concerted effort of elite transformation undertaken since the 1980s does not seem to translate into a weakened capacity to control local cadres. The subjective beliefs of local postrevolutionary bureaucrats – despite vastly different generational, educational, and socialization processes from the cadres who led the CCP before the Cultural Revolution – do not significantly differ from their older peers. Minxin Pei (1998) hypothesized that the gradual building of elite norms (such as the regular system of retirement) has reduced the propensity for intra-elite conflict. Although ample data are now available to demonstrate the magnitude of elite transformation, few authors have been able to uncover clear micropolitical evidence consistent with two broad macropolitical observations: the rise of the techno-bureaucracy and a concurrent reduction in conflict propensity among elites. My results – with all caveats pertaining to the sampling strategy and the relatively small number of respondents – point to a different argument. Conflicts arise when actors' expectations diverge. In the area of appointment and promotion, it appears instead that expectations converge; moreover, they converge in a manner that is consistent with the center's stated goals of decentralization, implying that both intra- and inter-elite conflicts are less likely to occur.

The fact that this result seems independent of the magnitude of local elite transformation has far-reaching implications for the capacity of the Chinese Party-state to sustain and deepen local reforms. The economic benefits of a more capable local bureaucracy are obvious, but they are not *ipso facto* politically expedient: On the contrary, the Leninist principles underlying the CCP's cadre policy may seem utterly incompatible with the expectations of local technocrats in charge of a market economy, possibly leading them to indulge in "localism" and an increased propensity to shirk organizational regulations. The data indicate otherwise: There is no relationship between elite transformation and elite cohesion. Seniority, education, and professional experience have either negligible or nonsignificant effects on the dependent variable once institutional variables are accounted for.

My argument is not that China's efforts to transform its local bureaucracy are unimportant: These are probably critical to the successful implementation of economic reform at the county level and

below. But simply put, elite transformation has neither the dire nor the beneficial *political* consequences hypothesized in the literature. Instead, the respondents' belief that the practice of cadre promotion remains faithful to its formal design speaks to the capacity of the Party to maintain elite norms despite the constraints of a cadre corps in flux.

#### APPENDIX 4A: DESIGNING THE JIANGSU ELITE STUDY

I originally selected Jiangsu province in part because of my familiarity with its political economy. Since this study is based on political survey data that are difficult to contextualize in the absence of significant cumulative research on local Party organizations, it seemed particularly important to select research sites whose social, economic, and political evolution are well understood (Wei, 2002).

Although Jiangsu is known for its wealth, industrial base, high-reliance on foreign direct investment, and sizeable contribution to the country's exports, the province is also well known for its extremely large disparities in economic performance across counties (Jacobs, 1999). To some extent, Jiangsu mimics regional disparities at the national level: Economic success is concentrated in a few well-circumscribed geographical areas, while the bulk of the counties in the North (demographically and geographically) lags behind. (See Figure 4A.1.)

Much of Jiangsu's economic success has been concentrated in the area called *Sunan* (Chinese abbreviation for Southern Jiangsu), particularly the four prefectures of Wuxi, Suzhou, Changzhou, and Zhenjiang. Not only are these areas critical to the provincial economy, but Sunan has also been the object of much research on rural and semiurban development. In the 1980s, Sunan's economic takeoff, fueled by highly entrepreneurial cadres who stressed the development of collectively owned enterprises at the township level, reduced dependence on the planned economy, and the ability to attract foreign capital was portrayed with much fanfare in the official press as a "model" worthy of emulation in other provinces.

In contrast, the remainder of Jiangsu province has more in common with China's traditional rural economy than the booming cities

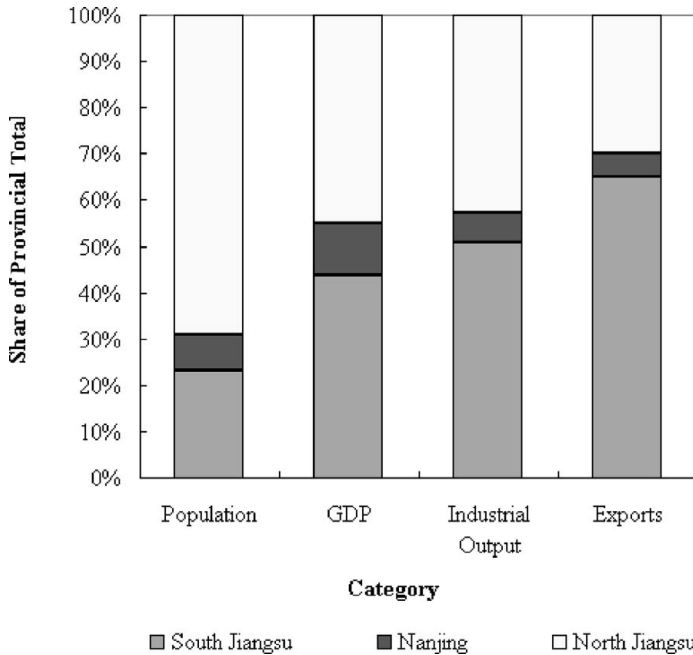


FIGURE 4A.1. Jiangsu's Economic Disparities: Regional Shares of Key Provincial Indicators (1997). *Source:* Jiangsu Statistical Bureau (1998: 335–339). South Jiangsu is defined as Wuxi, Changzhou, Suzhou, and Zhenjiang.

of the Nanjing-Wuxi-Shanghai axis. Some counties of North Jiangsu (abbreviated as *Subei*) not only rank among China's poorest but are also net relative losers of the reform process. Worse, intraprovincial disparities have increased over time: South Jiangsu did not markedly outperform *Subei* in the early 1980s, but by 1998 the contrast between the two regions could hardly be sharper: Almost *all* counties with an annual per capita GDP below 1000 RMB are *Subei* counties, while all counties with a GDP above 1500 RMB per capita are now concentrated in the South (Figure 4A.2).

#### Site Selection for the Jiangsu Elite Survey (JES)

Much of the debate on the evolution of Chinese local governments in post-Mao China revolves around the latitude that officials enjoy as a



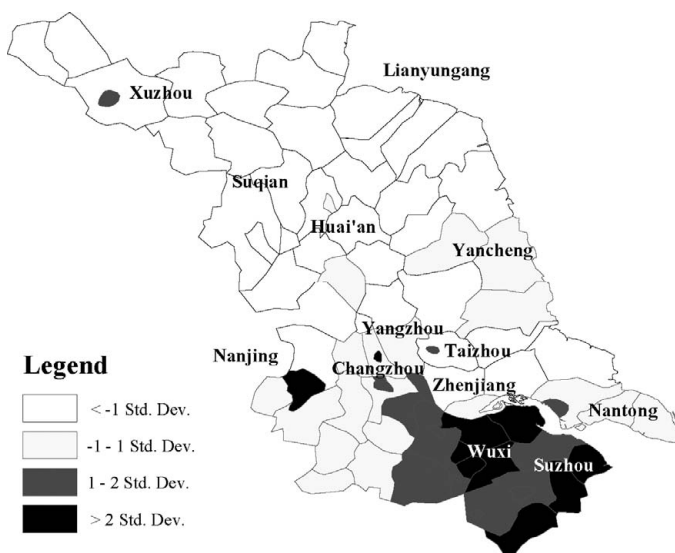


FIGURE 4A.2. Regional Disparities in Jiangsu (Standard Deviation from Provincial Mean of County/City GDP per Capita in 1998). *Source:* National Bureau of Statistics, *Fifty Years of Jiangsu* (1999: 502–505).

function of their differentiated access to local resources. In the area of Party discipline and political control, it is especially important to test specific hypotheses about the behavior of local Party institutions in an array of localities and assess whether economic performance is associated with systematic variations in compliance with central directives over political matters, in this case cadre policy. Because economic performance of Chinese localities exhibits great variation, it seemed important to select several samples from a series of locales that each reflects a particular economic trajectory during the reform era.

Furthermore, I attempted to control for administrative idiosyncrasies. Since my resources only allowed for a study in four counties, I decided to select two pairs of field sites, each under a single administrative umbrella. As I explain in Chapter 2, counties are now under the authority of municipalities. It seemed reasonable to select one pair in *Subei*, and the other in *Sunan*. Furthermore, within the Northern municipality, I selected one county that was markedly more successful than the local average and another that fell significantly below it.

TABLE 4A.1. *Economic Standing of JES Counties Relative to National, Provincial, and Municipal Values*

| County | GDP per Capita Relative to |                    |                   |
|--------|----------------------------|--------------------|-------------------|
|        | National Average           | Provincial Average | Municipal Average |
| G      | =                          | <                  | <<                |
| Y      | >                          | =                  | >                 |
| K      | >>                         | >>                 | >=                |
| Z      | >>                         | >>                 | >                 |

Notes: Provincial average = 9,344 RMB; national average = 6,079 RMB.

Source: National Bureau of Statistics, *Fifty Years of Jiangsu* (1999: 502–505).

TABLE 4A.2. *Rankings of JES Counties Relative to Key Provincial Indicators (1997)*

| County | Workers' Wages | Farmer Disposable Income | Fiscal Revenue |
|--------|----------------|--------------------------|----------------|
| G      | Below 20       | Below 30                 | Below 35       |
| Y      | Top 10         | Below 40                 | Top 20         |
| K      | Top 5          | Top 5                    | Top 10         |
| Z      | Top 10         | Top 5                    | Top 5          |

Note: Rankings refer to all 64 counties of Jiangsu, exclusive of (county-level) urban districts for which district-level data are not available.

Source: Jiangsu Statistical Bureau (1998).

Among Southern counties (K and Z), the difference is less pronounced. Tables 4A.1 and 4A.2 summarize the characteristics of the four sites. (See also Figure 4A.3.) As expected, the key differences lie between cases across, rather than within, municipalities.

### Sample Structure

The sample of local leaders used in this study was designed with three major considerations in mind: Given the resources available, I needed a total sample large enough for meaningful statistical analysis. It was particularly essential to select individuals holding positions in a variety

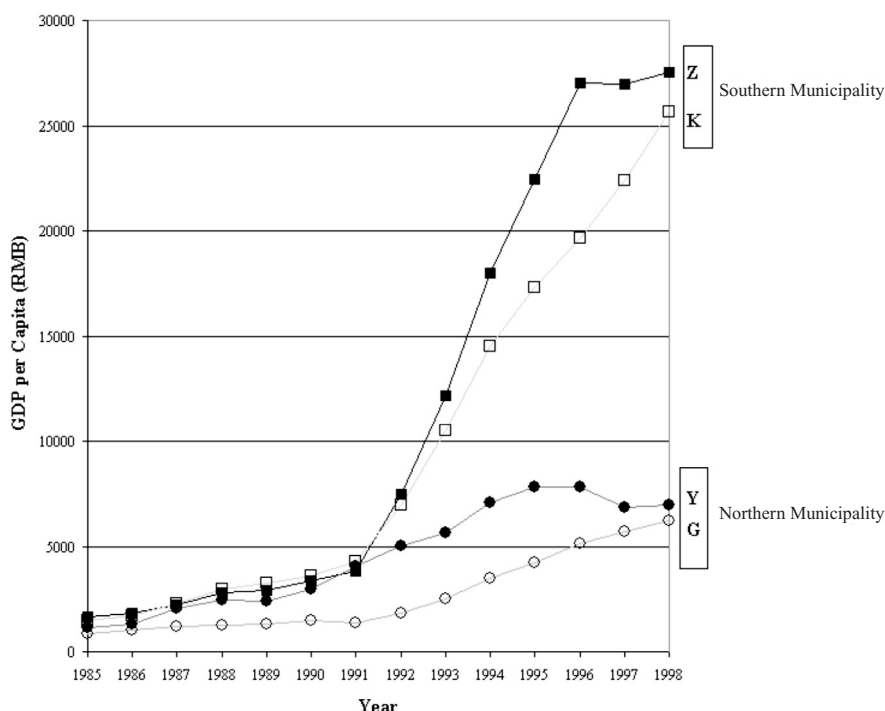


FIGURE 4A.3. Evolution of the GDP per Capita among JES Counties (1985–1998). *Source:* Jiangsu Statistical Bureau (1998: 347).

of bureaus within the county government and Party apparatus, at different bureaucratic ranks.

Although the selection of the JES sites followed a purposeful non-random design, the final respondents in each county were randomly selected. I established a sample frame by listing all county-level institutions in the Party committee, the people's government, mass organizations, and the county people's congresses, as published in local yearbooks.<sup>23</sup> I excluded idiosyncratic or transient bureaus to ensure that – if selected – an institution would be available across counties. Ultimately, the total population of relevant institutions included 115

<sup>23</sup> In consultation with my Chinese partners, we excluded a small number of transient bureaus that were not representative of ordinary county-level institutions and did not exist across all four JES sites.

leadership posts, commissions, bureaus, and offices. I then randomly selected 65 institutions from a list of all institutions common to the four counties chosen for this study.<sup>24</sup>

The selection of the rank of the specific individuals to be interviewed was left to chance. The interviewers were instructed to pursue the head of the unit if available. If he/she could not be reached, the (first) deputy was interviewed instead. The method generated a sample of 245 respondents, divided about evenly between formal heads and deputies: 76 deputy bureau heads and 81 bureau heads,<sup>25</sup> 36 deputy commission chairmen vs. 30 chairmen,<sup>26</sup> and 19 “core” leaders, namely, officials appointed by the respective municipal governments overseeing the counties of the JES.

### Data Quality and Data Reliability

There are to my knowledge no empirical studies of organization and personnel policy available to researchers outside the CCP itself. A small number of preexisting studies that had targeted elites or retired cadres provided helpful reference points for questionnaire development.<sup>27</sup> In order to allow for reliability checks, it was important to use questions already tested in other survey instruments, even though these studies had different research objectives. When appropriate, a Chinese wording already tested in the field was chosen instead of “untested” questions. This approach was obviously not appropriate for the items related to the core issues of Party organization and cadre promotions that are unique to the JES study. In that case, I relied extensively on the wording, categories, and formats of sample forms published in handbooks of the CCP Organization Department and the Ministry of Personnel.

<sup>24</sup> The ultimate goal was to interview 60 officials per county. It was expected that about 7% of the selected individuals would not be reached or be available. Ultimately, 245 officials were actually interviewed (61.25 per county).

<sup>25</sup> Second-tier offices (such as the “Greening Office”) are coded as bureaus.

<sup>26</sup> Party department posts (such as head of the Organization Department) are coded as commissions.

<sup>27</sup> I am especially grateful to the investigators of the *Four-County Study of Chinese Local Government and Political Economy*, 1990 who made their elite questionnaire available at a critical juncture during the design of the JES study.

Party Formal Employees  
(1000)

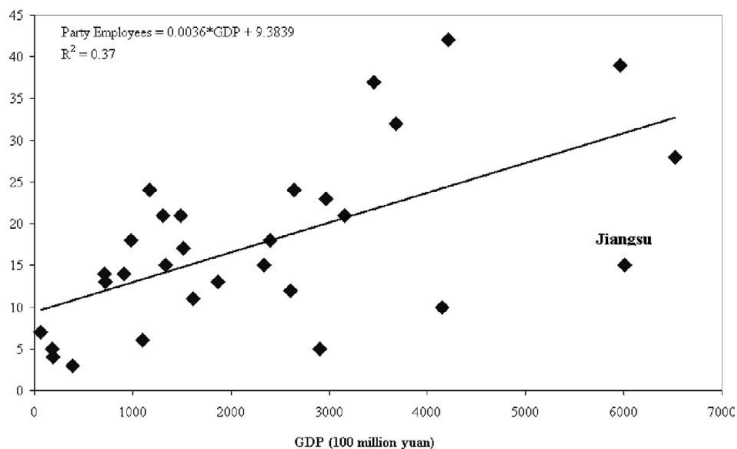


FIGURE 4A.4. Relationship between CCP Employees and Provincial GDP. *Source:* Party employees data: National Bureau of Statistics Population and Employment Office, *China Labour Statistical Yearbook* (1996: Table 4-6); GDP data: National Bureau of Statistics, *China Statistical Yearbook* (1997: Table 2-11).

### Possible Source of Bias

However practical, the selection of diverse counties in the JES cannot control for biases induced by province-wide characteristics that would not be obtained if one could design (and finance!) a random sample of counties nationwide. Several plausible variables stand out. First, Jiangsu's overall good economic performance is likely to translate into enhanced administrative and monitoring capabilities, because provincial institutions (such as Party agencies or the statistical system) are likely to be better funded than elsewhere. These, in turn, may induce greater local compliance than in provinces beset by weak administrative apparatuses. It is of course impossible to completely rule out this hypothesis, but comparative evidence suggests otherwise: Jiangsu ranks second in terms of provincial GDP, yet it funds relatively few Party employees (Figure 4A.4).<sup>28</sup>

<sup>28</sup> This result also holds if one considers the number of formal employees in government agencies.



FIGURE 4A.5. Number of Employees in Party Agencies Relative to All Government Employees, by Province (1995). *Source:* Party employees data: National Bureau of Statistics Population and Employment Office, *China Labour Statistical Yearbook* (1996: Table 4-6). GDP data: National Bureau of Statistics, *China Statistical Yearbook* (1997: Table 2-11).

TABLE 4A.3. *List of Institutions Selected in the JES Sample*

|                                               |                                                         |
|-----------------------------------------------|---------------------------------------------------------|
| <b>County-level organs of the CCP</b>         | <b>Mass organizations</b>                               |
| 1 CCP committee, secretary                    | 12 Communist Youth League, secretary                    |
| 2 CCP committee, deputy secretary             | 13 Women federation                                     |
| 3 CCP committee, Organization Dept.           | 14 Cultural and arts association                        |
| 4 CCP Propaganda Dept.                        | 15 Industry & commerce association                      |
| 5 CCP United Front Dept.                      |                                                         |
| 6 CCP Rural Work Dept.                        | <i>Representative bodies</i>                            |
| 7 Party school president                      | 16 People's political consultative conference           |
| 8 CCP research office                         | 17 People's congress                                    |
| 9 CCP Complaints Bureau                       |                                                         |
| 10 CCP Old Cadres Bureau                      |                                                         |
| 11 CCP Discipline Inspection Commission       |                                                         |
| <b>County-level government institutions</b>   |                                                         |
| 18 County head                                |                                                         |
| <i>Commissions</i>                            |                                                         |
| 19 Planning Comm.                             | 42 Commerce Bureau                                      |
| 20 Foreign Economic Comm.                     | 43 Grain Bureau                                         |
| 21 Science & Technology Comm.                 | 44 Industry & Commerce Administrative Management Bureau |
| 22 Structural Reform Comm.                    | 45 Transportation Bureau                                |
| 23 Urban & Village Construction Comm.         | 46 Local Industry Bureau                                |
| 24 Sports Comm.                               | 47 Education Bureau                                     |
| 25 Family Planning Comm.                      | 48 Cultural Affairs Bureau                              |
| 26 Economic Development Zone Management Comm. | 49 Health Bureau                                        |
| 27 Rural Economic Comm.                       | 50 Foreign Affairs Office                               |
| 28 Organs Structure Comm.                     | 51 Nationalities & Religious Affairs Bureau             |
|                                               | 52 Cultural Relics Management Bureau                    |
| <i>Bureaus &amp; Offices</i>                  | 53 Water Supply Bureau                                  |
| 29 Public Security Bureau                     | 54 Archives Bureau                                      |
| 30 Justice Bureau                             | 55 Patriotism Office                                    |
| 31 Civil Affairs Bureau                       | 56 Legal Affairs Bureau                                 |
| 32 Supervision Bureau                         | 57 Urban Management Office                              |
| 33 Personnel Bureau                           | 58 Greening Office                                      |
| 34 Materials Bureau                           | 59 Mechanical and Chemical Industry Bureau              |
| 35 Price Bureau                               | 60 Light Industry & Textiles Bureau                     |
| 36 Statistical Bureau                         | 61 Electro-mechanical Industry Bureau                   |
| 37 Agricultural Bureau                        | 62 Construction & Industry Bureau                       |
| 38 Water Conservancy Bureau                   | 63 Public Electricity Bureau                            |
| 39 Land Management Bureau                     | 64 Post & Telecommunication Office                      |
| 40 Finance Bureau                             | 65 Tobacco Bureau                                       |
| 41 State Tax Bureau                           |                                                         |

Source: JES database.

Furthermore, Jiangsu's ratio of Party to government employees is among China's lowest. This may reflect a high degree of confidence in the ability of Party agencies to oversee the operations of the government. In contrast, the same statistic is much higher in seemingly unstable western provinces, especially minority areas of Tibet, Qinghai, Ningxia, Gansu, Xinjiang, and Inner Mongolia (Figure 4A.5).

To sum up, the results of the JES study are certainly specific to Jiangsu, but it is unclear whether they reflect a "light" provincial bureaucratic apparatus, hence weak monitoring capabilities of local governments and officials, or whether my findings illustrate cases of Party oversight of personnel affairs in a province where Party agencies are small *because* it is generally regarded as stable despite large intraprovincial disparities. (See Table 4A.3.)



## Explaining Cadre Rank

The success or failure of a career depends upon character and capability;  
it has nothing to do with the desirability of the post assigned.

Huang Liuhong ([1694] 1984: 76)

The decentralization of personnel policy raises several theoretical and empirical issues for our understanding of the evolution of the Chinese political system. Pessimists have good reasons to expect failure: Local management of cadres requires myriad principals to monitor and reward an even greater number of agents posted in thousands of local government and Party organizations. Even if we assume that localities comply with central directives most of the time, the sheer number of bureaucratic layers severely reduces the likelihood that a central directive will be implemented at the lowest level. With China's five levels of administration, the odds are higher than 50% (namely, a coin toss) if *all* local agents comply 88% of the time!<sup>1</sup> This harsh mathematical proposition conforms to the often-heard saying that "the sky is high and the Emperor is far away," as cadres sometimes put it when discussing the gap between Beijing's expectations and the more prosaic realities of their localities.

<sup>1</sup> That is, center, province, prefecture/municipality, county and township. Villages are not technically a level of local government. If each local organization carries out an order issued above with probability  $p$ , the probability that it will be carried out at the  $L$ th level of local government is  $p^L$ .

But what if the emperor has good ears, a few carrots, and uses a stick from time to time? We already know that JES respondents believe that cadre policy has been carried out in a fashion that is broadly consistent with the central government's stated objectives. But is it also true that in practice, the shift to a one-level-down control of cadres actually amounts to a net gain in institutional efficiency, as expected by its designers? This chapter takes the analysis one step beyond perceptions of the personnel system by examining the correlates of the *actual* bureaucratic careers of JES officials. I explicitly test the proposition that the broad objectives of personnel reform are being met despite the risks inherent in decentralizing complex bureaucratic hierarchies.

Political sociologists have produced considerable research on career mobility in communist regimes, including China. Building on the work of György Konrad and Iván Szelényi (1979), and Szelényi (1982, 1983), Andrew Walder (1995c) relied on a survey of Tianjin residents to test the proposition that access to the administrative elite requires political credentials, namely, Party membership, whereas access to nonbureaucratic professional jobs requires educational but not political credentials. These findings were refined with a national survey of Chinese adults conducted in 1996, confirming the dualism in the career paths of urban Chinese. Walder and his colleagues found again that Party membership was a prerequisite for access to plum administrative jobs, and that the importance of educational credentials became salient only in the "late" reform era, namely 1988–1996 in their data set (Walder, Li, and Treiman, 2000).

These findings are extremely important for understanding the early selection process, from ordinary citizen to Party member and then on to bureaucratic posts. Such mechanisms are best captured by general social surveys. However, broad surveys – even very large ones, such as the 1996 study of Chinese life histories – are not designed to capture the top tier of the administrative elite. Even if one takes a broad definition of cadres that combines grassroots officials, enterprise managers, and leading cadres, their study includes 9.2% cadres (or 461 individuals) among employed respondents.<sup>2</sup> Using a more restrictive definition than

<sup>2</sup> These are my own calculations using the data set that is publicly released by Walder and Treiman (2003).

the Tianjin study, Walder, Li, and Treiman define “administrators” as both “high level management of leader of unit” and “middle level management personnel” and (2000: n. 3), which further reduces the group of respondents in that category.<sup>3</sup> These inferential limitations and the political constraints placed on research on cadres in China is precisely why the Jiangsu study is unique: It captures high-ranking local cadres, drawn from a random sample, who are otherwise almost impossible to trace in affordable mass-level surveys of the general population.<sup>4</sup>

Besides the problem that, in practice, only a very small number of top leaders can be captured in general surveys, the hypothesis that the Party screens and sponsors individuals into the administrative elite is no longer relevant if we consider the *further* career paths of leading cadres. Officials in the JES sample are defined as heads (or deputy heads) at the bureau level (or above) among Party, government, and mass organization bureaus of each county.<sup>5</sup> Virtually all JES respondents (238) were Party members, against a single member of a “democratic party” and 6 non-Party members. Thus, at this level of the political hierarchy, the filtering effect of Party membership has already

<sup>3</sup> Walder and Treiman’s sample did not yield a single high administrative official at the local level (Category 2035). In contrast, the Jiangsu Elite Study includes deputy county chiefs and Party secretaries. Only 10 of their respondents would have met the criteria for inclusion in the JES, namely, 0.20% of their employed respondents (Category 2054). Some respondents drawn from Category 2063 (leading cadres of youth leagues, unions, women’s organizations, and Category 2064 (leading cadres: democratic party, other people’s organizations), assuming that all of them work at the county level, may also meet the requirement of ranking at least at the deputy bureau chief level in the county government. By this broader measure, the number of comparable respondents reaches 28 individuals, or 0.56% of their sample of more than 5,000 employees. The cadre categories are summarized in Table 5N.1.

<sup>4</sup> Walder and Treiman readily acknowledge the limitations of their methodology for the purpose of capturing *political* cadres: “Although our initial study design anticipated collecting data from samples of cadres (*ganbu*), entrepreneurs (*siying*), and the self-employed (*getihu*), using a questionnaire identical to that used for the general population samples, in the end the political situation in China made it impossible to create a probability sample of cadres” (Treiman and Walder, 2003: codebook 1–4).

<sup>5</sup> Since “above” refers to cadres posted above the bureau level within the county – not in higher-level local governments – the county Party secretary is the highest-ranked official in the sample frame. Firms and township governments were not selected. Thus, a fair characterization of the sample is that it captures the political and administrative elite of the county government.

occurred, which begs the question of who among these individuals gets further ahead, and why.

What accounts for the career paths of the JES respondents? Since 1983, the Chinese central leadership has explicitly set policy objectives for cadre appointment and promotion with the view that the

TABLE 5N.1. *Cadres in the 1996 National Sample, Broadly Conceived (ISCO Classification Categories 2000–2999)*

|                                                                                                        | N   | As % of Cadres |
|--------------------------------------------------------------------------------------------------------|-----|----------------|
| 2010 Heads of government jurisdictions (incl. district head, head city, head large city, village head) | 0   | 0              |
| 2020 Members of legislative bodies                                                                     | 0   | 0              |
| 2030 High administrative official                                                                      | 0   | 0              |
| 2033 Senior civil servant central government                                                           | 0   | 0              |
| ***2035 Senior civil servant local government                                                          | 0   | 0              |
| 2040 Scientific and technical managerial professionals                                                 | 0   | 0              |
| 2050 Leading cadres of government organizations                                                        | 0   | 0              |
| 2053 Leading cadres: prefecture/city-level govt. organizations                                         | 2   | 0.43           |
| ***2054 Leading cadres: county-level government organizations                                          | 10  | 2.17           |
| 2055 Leading cadres: govt. orgs. below county level                                                    | 17  | 3.69           |
| 2060 Leading cadres of Party organizations                                                             | 0   | 0              |
| 2061 Leading cadres: Party organizations above county level                                            | 2   | 0.43           |
| 2062 Leading cadres: Party organizations at grass-root level                                           | 73  | 15.84          |
| *2063 Leading cadres: youth leagues, unions, women's orgs.                                             | 16  | 3.47           |
| *2064 Leading cadres: democratic party, other people's orgs.                                           | 2   | 0.43           |
| 2065 Heads of residents' (village) committees                                                          | 122 | 26.46          |
| 2070 Leading cadres of enterprises and institutions                                                    | 0   | 0              |
| 2072 Leading cadres: provincial, <i>jun</i> level enterprises                                          | 1   | 0.22           |
| 2073 Leading cadres: prefecture, military division-level ent.                                          | 8   | 1.74           |
| 2074 Leading cadres: county, mil. regiment level ent.                                                  | 17  | 3.69           |
| 2075 Leading cadres: enterprises below country, reg. level                                             | 79  | 17.14          |
| 2080 Political functionaries                                                                           | 0   | 0              |
| 2081 Political affairs staff                                                                           | 7   | 1.52           |
| 2082 Personnel management staff for cadre positions                                                    | 20  | 4.34           |
| 2100 Managers                                                                                          |     |                |
| 2112 Head of Firm                                                                                      | 79  | 17.14          |

Note: 6,473 total respondents; 5,032 employed respondents; 461 cadres at all levels.

Source: Walder and Treiman (2003).

CCP must retain ultimate control over the process of economic and administrative decentralization. Beijing's ability to effectively constrain lower-level CCP committees and shape the outcome of decentralized appointment decisions is a critical measure of its capacity to maintain its monopoly on the allocation of political power across China's locales. If institutional decentralization is indeed eroding the center's control of cadre policy, we should observe that Beijing's objectives are met perfunctorily, possibly distorted, or even ignored at bureaucratic levels where noncompliance is difficult to detect.

A focus on county officials represents a stronger test than what has been attempted so far in the literature (Bachman, 1991; Bo, 1996, 1998; Huang Yasheng, 1996a, 1996b). Huang notes that under the one-level-down system of cadre management, "the Organization Department . . . manage[s] top provincial officials and the management of bureau-level officials [is] the responsibility of provincial party committees" (1996a: 661). Yet it is not terribly surprising to conclude that Beijing's political control of provincial behavior has not been significantly eroded. When push comes to shove, the center defines the rules of the game and directly manages provincial officials affected by the very same rules, as it has done continuously since 1949.

Probing deeper in the Chinese bureaucratic structure dispenses with this problematic institutional configuration. In municipalities and prefectures, the center's influence on local officials is far less direct, but is still strongly felt via the center's direct oversight of the heads of municipal organization departments.<sup>6</sup> Unlike provinces or municipalities, the county is the first level of local government where neither cadres nor any of their principals in Party institutions are controlled directly from Beijing. Under the current nomenklatura, institutions that handle county cadre appointments are themselves only under *indirect* central control.<sup>7</sup> Consequently, a focus on the behavior of *county* Party committees and organization departments allows for a more stringent test of Beijing's ability to shape local political hierarchies.

<sup>6</sup> The one-level-down principle does not apply to the system of Party Organization Departments. The Central Committee of the CCP (via the Central Organization Department) maintains nomenklatura authority over directors and deputy directors of both provincial and municipal/prefectural Organization Departments.

<sup>7</sup> However, high-level county officials (deputy county magistrate and above) are appointed by municipal Party committees. Municipal Organization Departments are under central management.

Although the enforcement of cadre policy is decentralized, key institutional principles and policy objectives remain in the hands of the central leadership. They are disseminated downward through a web of regulations issued by the Central Committee, the Central Organization Department, and the Ministry of Personnel.<sup>8</sup> The data collected in the JES cannot possibly tell us whether all rules are enforced all the time, but it can at least be used to test the impact of key substantive goals of the center regarding personnel management in the localities.<sup>9</sup> The survey instrument was designed to allow the construction of detailed individual-event records.<sup>10</sup> Respondents provided a battery of indicators of their educational background, social origins, political activities, and employment history, which, combined with measures of their rank, are used to test competing hypotheses about cadre policy in the four JES counties.<sup>11</sup>

<sup>8</sup> These have been published regularly by the Ministry of Personnel since 1980. See State Personnel Bureau (1980) for the first issue. Yearly follow-ups have identical titles. See Zhang Zhiwen et al. (1991).

<sup>9</sup> The extent to which procedural regulations are followed in practice is generally unknown. To my knowledge, only Shen (1994) was allowed to sit in on all Party committee meetings during his study of county Z in North China, but his thesis is focused on the substantive effects of China's personnel policy, making it difficult to gauge how closely Party committees follow procedural rules.

<sup>10</sup> The questions followed the structure of a personnel dossier. For each cadre, I recoded the answers into annual event-history records. A record begins with the year in which respondent became a state cadre (*guojia ganbu*) and ends in 1996. The questionnaire did not attempt to uncover subjective information that may be recorded in personnel files. Performance assessments by the Organization Department or references to a cadre's political attitudes during the Cultural Revolution or the events proceeding June 4, 1989, are not available. These subjective criteria may well impact personnel policy, but short of access to original files (which are strictly confidential and not available to the cadres themselves), there is simply no feasible way to measure these variables. However valuable, this type of information is unlikely to cause major inferential problems. The sample is composed of relatively high-level cadres who would not be employed at their current level if their *dang'an* included damaging "black spots." Questions related to individual political histories did not present particular difficulties. Most respondents were very forthcoming. Most were able to specify the months when the relevant events occurred, although the analysis in this chapter relies on annual data. Moreover, I have no reason to believe that cadres volunteered false or misleading information. All interviewers filled a post-interview questionnaire assessing the quality and reliability of each case. As expected in any survey, they reported some variation in the degree of cooperation encountered, but the overall quality of the interviews was very high.

<sup>11</sup> The resulting data set is very similar to an unbalanced panel. With panel data, all individuals are observed in the first wave, but only a smaller proportion survives at the next time period. Sample size shrinks due to attrition, hence the "unbalanced" data set, though the JES panel shrinks retrospectively.

## MEASURING CADRE RANK AND CADRE PROMOTION

Bureaucracies are inherently hierarchical, but what sets China apart is the pervasiveness of this principle: The unitary nature of the Chinese state ensures that cadre ranks are comparable not only inside and across central or local governments but also across different types of organizations. The nomenclature applies to CCP and government officials as well as cadres posted in mass organizations, the People's Liberation Army, state-owned enterprises, banks and financial institutions, educational and research institutes, and even elected bodies such as local people's congresses. As a result, personnel management in China far exceeds the more mundane functions of similar institutions in democratic regimes: In the absence of competitive elections, cadre appointments constitute the sole mechanism of power allocation throughout the Chinese political system.

Chinese bureaucratic ranks provide reasonably simple and unambiguous measures of cadre power. Formal tables of organization and working documents on personnel management greatly facilitate the elaboration of coding rules to track cadre rank over their entire careers. Coding rules must account for the fact that some transfers do not necessarily imply changes in official rank, while others are actual promotions or (more rarely) demotions.<sup>12</sup>

A slightly different approach to the evolution of political hierarchies reveals that reallocations of power produce *variations* of cadre rank, positive for promotions and negative for demotions. The measure is appealing because it focuses the debate on the dynamic aspects of cadre management. However, measures of variations of rank needlessly impoverish the process they seek to describe, since first differences force the assumption of cardinality onto the data. If one measures variations of rank over a specified time interval, the distribution of the dependent variable takes an entirely different form because it equates promotions or demotions of individuals who (initially) hold very different ranks. On a scale from 1 to 10, the variation-of-rank approach cannot distinguish between promotions from rank 1 to 2

<sup>12</sup> For instance, chairmen of township people's governments and county bureau heads have equivalent ranks, even though these posts are held within different types of local government.

and from 9 to 10. One may agree that a county bureau chief outranks a deputy chief and that a county Party secretary outranks a deputy secretary but would be hard-pressed to accept that either promotion amounts to an identical gain in bureaucratic power. Therefore, I treat rank as an ordinal variable and rely on well-known econometric models for ordinal data.<sup>13</sup>

Alternative measures of rewards and promotion have been used. Maria Edin's (2003) case study of Shandong province, where she analyzed township (not county) officials, stresses the softer rewards that can be doled out to local officials. Some are appointment related, such as the practice of concurrent assignments; others are monetary. Similarly, Whiting (2004) finds that in Songjiang – a wealthy district under the Shanghai municipal government – the bonuses of the leading cadres are tied to the economic performance of their township. These “high-powered incentives” are certainly a good way to increase the odds that the cadres will deliver faster growth, but there is considerable ambiguity in measuring monetary rewards in a context where rent seeking and corruption opportunities dwarf official rewards for good performance. It is also difficult to establish clearly the direction of the causality between performance and financial rewards. Are cadres' bonuses higher because the economy performs better, or does an (exogenously) prosperous economy allow local governments to pay their cadres higher wages because their fiscal revenues are larger than elsewhere? There is no question that China's administrative jobs come with a bundle of side benefits, but we still need to know how officials obtain these jobs in the first place inasmuch as formal ranks condition the opportunities to reap these benefits. For these reasons, I prefer to rely on ranks rather than on benefits, as an unambiguous measure of promotion.

Analyzing bureaucratic promotions is difficult because they are relatively rare. We want to understand how respondents have been promoted over time and identify the factors that account for their progress along the bureaucratic ladder of county government, but when information is not based on a true panel design, the researcher faces the problem of the decreasing representativeness of individual histories as one moves away from the point when the cross-section of respondents

<sup>13</sup> See Appendix 5A for an explicit treatment of retrospective selection bias.



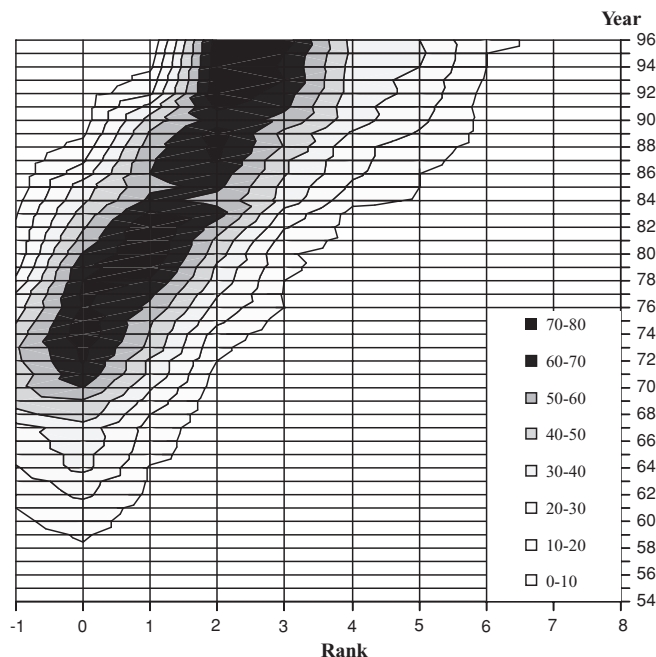


FIGURE 5.1. Evolution of Respondents' Rank (1954–1996). Contours plot frequencies for the entire sample, observed from the beginning of each respondent's career through 1996. *Source:* JES database.

is a representative sample of the underlying population of officials. This potential “retrospective selection bias” and its impact on the findings of this chapter are discussed in detail in Appendix 5A.

Figure 5.1 summarizes the evolution of the ranks of JES respondents over their entire bureaucratic career. The shape of the darker contours (red and black) show typical career paths: The bulk of the respondents were initially posted as ordinary cadres in the 1970s (coded 0,1). By the late 1980s, many had reached the rank of county bureau chief or commission vice chair (coded 2 and 3, respectively).

### Cadre Retirement

The JES survey provides only limited tools for understanding the relationship between cadre policy and cadre retirement. Since the sample was designed to include active officials, the only test of the degree

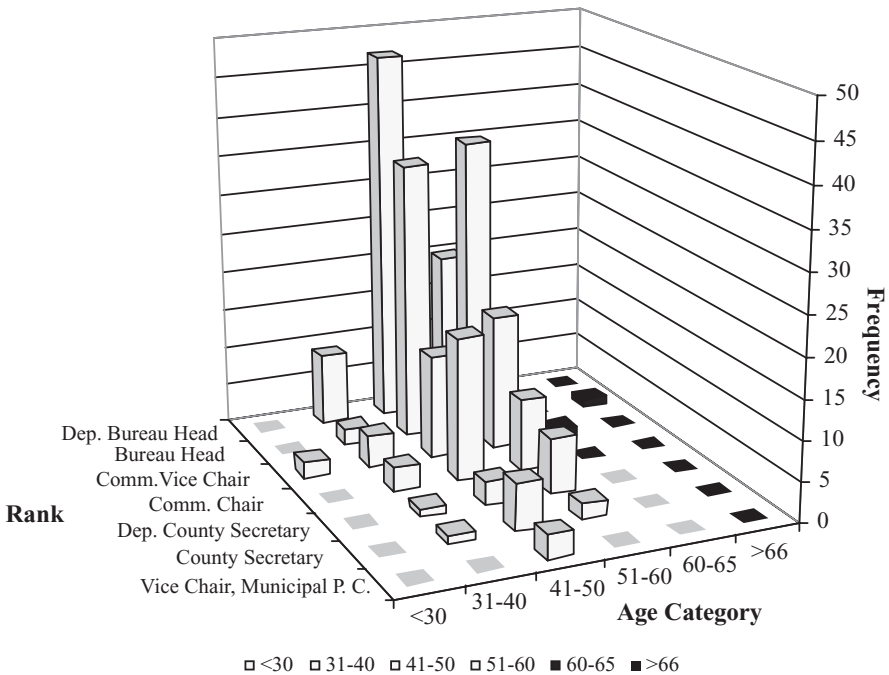


FIGURE 5.2. Age Distribution of JES Respondents, by Rank ( $N = 245$ ). *Source:* JES database.

of implementation of the retirement policy consists in measuring the proportion of respondents who were still active beyond the official retirement age at the time of the interview.<sup>14</sup>

The official retirement age for cadres below the top echelon of county leadership is fixed at 60 for men and 55 for women. Personnel regulations are less precise for those posted at or above the level of deputy county magistrate or deputy Party secretary, but barring very unusual circumstances, high-level county leaders are expected to retire at 65. The retirement policy is clearly enforced in the counties surveyed here. Dark-shaded “blocks” in Figure 5.2 represent the combinations of age and rank not allowed under current rules. With minor exceptions among *lower*-ranking leaders, none of the respondents was

<sup>14</sup> For details on the genesis and evolution of cadre retirement policy in post-Mao China, see Manion, (1984, 1985, 1991 1992a, 1992b, 1993).

above retirement age.<sup>15</sup> These findings are highly consistent with existing research on cadre policy (Li and Bachman, 1989; Manion 1993; Shen 1994) and do not suggest that decentralized implementation of personnel regulation is conducive to lax enforcement.

#### CADRE PROMOTION UNDER DECENTRALIZATION: HYPOTHESES

##### Substantive Goals of Personnel Policy

Although cadre retirement has been (and is likely to remain) an important element of the rejuvenation program of Chinese local elites, the substantive goals of personnel policy concern the selection, promotion, and control of officials. Since the 1980s, the Party has publicized the expectation that elites at all levels should be younger, better educated, technically competent, and at the same time loyal to the fundamental political tenets of the regime.

*Cadre Education.* Raising the level of education of local officials has been a consistent goal of cadre management policy.<sup>16</sup> Both the 1995 temporary regulations that were in place at the time of the survey and their current permanent version explicitly prescribe that all leading cadres in Party and government organizations must meet two educational criteria. The expectation of a positive correlation between rank and higher education is clearly stated: "Those who are to be promoted to work at leading positions of the Party and the government must have the following qualifications. . . (4) Normally, have a junior college education; for leading cadres of a prefecture (or department under a provincial government), a department (or bureau) under a ministry, or above, at least a university education is normally required"<sup>17</sup> and

<sup>15</sup> The oldest female respondent was 50.

<sup>16</sup> The key document regarding cadre education was issued in 1982 in conjunction with other decisions regarding cadre reform and institutional restructuring. See "Decision of the Central Committee and the State Council Regarding the Work of Cadre Education in Central Party and Government Organs," October 3, 1982, in Legal Office of CCP General Office (1996).

<sup>17</sup> The "Regulations on the Work of Selecting and Appointing Leading Party and Government Cadres" state: "Normally, have a junior college education; for leading cadres of a prefecture (or department under a provincial government), a department

“(5) have received cumulatively at least three months of training within five years at Party schools, administrative colleges or other training institutions approved by organization (personnel) departments; those who have failed to meet such a requirement before the promotion for some special reason must complete the training within the first year after the promotion” (CCP Organization Department, 2002a: Article 7–4).<sup>18</sup>

Since published research on Chinese local officials is mostly focused on provincial elites, making direct comparisons between the JES and other studies is rather difficult. Only Shen (1994) reports a comparison between 1982 and 1988 for cadres in a North China county. Cross-tabulations indicate that the pattern already apparent in Shen’s case is confirmed here. In three counties, all of the high-level leaders who were interviewed had some college education. Only in county G – a historically poor and less developed county in a Northern Jiangsu municipality – did a minority of high-ranking respondents (28%) report a middle school or high school education. However, lower-level cadres in county G have college experience comparable to that of the respondents posted in the other three sites. Overall, access to university education among bureau and commission officials is much higher than in Shen’s Z county in 1988. (See Table 5.1.)

Testing whether official educational criteria have a substantive impact on cadre rank requires distinguishing between formal degree holders (often obtained early in one’s life) and adult education, which is quite varied. In the 1980s, much of the work of the Party schools was remedial, in the sense that they trained a large number of cadres who had missed out on educational opportunities during the Cultural Revolution and lacked the technical expertise needed for their management jobs. When specific criteria for selection and promotion were introduced in the 1980s, the Cultural Revolution generation clearly stood at a disadvantage: The shift to explicit linkages between rank and education signaled that they would expect to be promoted (if at all) at much lower rates than their younger peers.

(or bureau) under a ministry, or above, at least a university education is normally required” (CCP Organization Department, 2002a: Article 7 [4]).

<sup>18</sup> For a discussion of the 1995 regulations, see Bo, who also notes that the 2002 revision requires stricter educational credentials (2004: 87).

TABLE 5.1. *Relationship between Cadre Education and Cadre Rank and Comparison with Shen's 1994 Study*

| Rank                            | Education  |               |             |            |
|---------------------------------|------------|---------------|-------------|------------|
|                                 | Elementary | Middle School | High School | University |
| <b>County K (South Jiangsu)</b> |            |               |             |            |
| $\gamma = 0.24$                 |            |               |             |            |
| ASE = 0.14                      |            |               |             |            |
| Dep. bureau head                |            | 8             | 17          | 75         |
| Bureau head                     |            |               | 44          | 56         |
| Dep. comm. chair                |            |               | 22          | 78         |
| Commission chair                |            |               | 17          | 83         |
| Higher Level                    |            |               | 0           | 100        |
| TOTAL                           | 0          | 3             | 25          | 72         |
| <b>County Z (South Jiangsu)</b> |            |               |             |            |
| $\gamma = 0.22$                 |            |               |             |            |
| ASE = 0.13                      |            |               |             |            |
| Dep. bureau head                |            | 6             | 28          | 66         |
| Bureau head                     |            | 25            | 25          | 50         |
| Dep. comm. chair                |            | 7             | 14          | 79         |
| Commission chair                |            |               | 33          | 67         |
| Higher level                    |            |               | 0           | 100        |
| TOTAL                           | 0          | 8             | 23          | 69         |
| <b>County G (North Jiangsu)</b> |            |               |             |            |
| $\gamma = 0.18$                 |            |               |             |            |
| ASE = 0.14                      |            |               |             |            |
| Dep. bureau head                |            | 13            | 13          | 73         |
| Bureau head                     | 5          |               | 30          | 65         |
| Dep. comm. chair                |            |               | 40          | 60         |
| Commission chair                |            |               | 0           | 100        |
| Higher level                    |            | 14            | 14          | 71         |
| TOTAL                           | 2          | 5             | 22          | 72         |
| <b>County Y (North Jiangsu)</b> |            |               |             |            |
| $\gamma = 0.19$                 |            |               |             |            |
| ASE = 0.14                      |            |               |             |            |
| Dep. bureau head                |            |               | 20          | 80         |
| Bureau head                     |            | 9             | 43          | 49         |
| Dep comm. chair                 |            |               | 33          | 67         |
| Commission chair                |            | 7             | 14          | 79         |
| Higher level                    |            |               | 0           | 100        |
| TOTAL                           | 0          | 6             | 31          | 63         |
| <b>County Z (North China)</b>   |            |               |             |            |
| (Shen, 1994)                    |            |               |             |            |
| County                          |            | 7             | 33          | 60         |
| Township                        |            | 19            | 37          | 44         |
| Department                      | 4          | 27            | 42          | 27         |
| TOTAL                           | 3          | 24            | 39          | 35         |

Notes: Numbers are row percentage. Empty cells denote 0%.

Source: JES database; Shen (1994: 38).

Although it is unreasonable to expect that such programs could possibly compensate for the educational vacuum of the Cultural Revolution, many cadres with limited educational credentials either sought or were directed to additional training in order to improve their odds of future promotions.<sup>19</sup> Cadres who had missed out on educational opportunities between 1966 and 1977 were encouraged to enroll in remedial education programs in local Party schools or traditional institutions. Individuals posted above a certain rank who still lacked the proper educational credentials were required to do so.<sup>20</sup> In practice, the Party allows many of these training programs to count as formal education.

Bolai Li and Walder (2001) have linked this process of adult education to the system of Party-sponsored mobility inherited from the Mao era. Remedial education in Party schools has now given way to more targeted training, which is sometimes sanctioned by a formal

<sup>19</sup> This does not assume that cadres are free to acquire additional education because it is rational to do so. Cadres cannot freely enroll in programs and take leaves of absence from their work-unit. However, voluntary training is possible with the approval of the leadership of the work-unit. There are additional barriers to entry to the education system for older cadres. Older applicants are typically not allowed to compete with high school graduates for the limited seats offered in institutions of higher education. An exception was granted for the class of 1977: The examination was open to anyone who could pass it in order not to unduly penalize those who had not been able to take the entrance examination between 1966 and 1976, but they could only take the test once. This exception was rescinded beginning with the class of 1978. Cadres authorized to take a paid leave of absence are supposed to do so for up to six months every three years, and not more than three times. In some cases, several short-term leaves may be compressed into a single leave for longer-term training.

<sup>20</sup> The document issued in 1982 applied to cadres under central management. However, it was circulated to the lower levels, and local regulations following the spirit of the policy were implemented as well. For centrally managed cadres, remedial education was organized as follows: Cadres with less than a middle school education (*bu dao chuzhong biye*) who were less than 40 years of age were given three years to reach the equivalent of a middle school degree. Those who already met the requirement but lacked specialized knowledge were to reach the level of vocational high school (*zhongzhuan*) or vocational college (*dazhuan*) within three to five years. Furthermore, cadres could no longer be admitted to the central Party school unless they had (formally or de facto) the “cultural level” of a high school (or vocational school) graduate. This provision effectively barred access to posts above the prefectural level to cadres with little education, since promotions to high-level offices typically require attending programs at the central Party school prior to or immediately following an appointment. The 1982 decision also applied to PLA cadres. See CCP Center and State Council of the PRC (1982: Section 2).

TABLE 5.2. *Relationship between Formal and Remedial Education*

| Cumulative Adult Education (Months)     | Level of Formal Education |         |           |          |
|-----------------------------------------|---------------------------|---------|-----------|----------|
|                                         | None                      | Primary | Secondary | Tertiary |
| 0                                       | 1                         | 5       | 2         | 5        |
| 1                                       | 0                         | 3       | 5         | 2        |
| 2                                       | 0                         | 0       | 7         | 1        |
| 3                                       | 0                         | 1       | 5         | 1        |
| 4                                       | 0                         | 3       | 2         | 6        |
| 5                                       | 0                         | 0       | 4         | 7        |
| 6-12                                    | 0                         | 1       | 5         | 2        |
| 13-24                                   | 0                         | 1       | 5         | 1        |
| 25+                                     | 0                         | 1       | 3         | 9        |
| $\chi^2 = 0.044$ Asymptotic S.E. = 0.09 |                           |         |           |          |

Notes: N = 242. The column for secondary education includes high school and vocational school (*zhong zhuan*) graduates. The column for tertiary education combines universities and vocational colleges (*da zhuan*).

Source: JES database.

degree, particularly for cadres who attend the central Party school or prestigious provincial-level counterparts. Increasingly, Party schools train cadres who have already obtained a formal university degree and seek some graduate education in order to further enhance their careers, even in technical subjects like international finance, which is taught at the Shanghai Party School (Tran, 2003).

Among the county officials interviewed in Jiangsu, this shift was already apparent: The majority of the respondents (64%) reported attending *some* adult education program beyond their initial formal education. For thirty cadres, the length of study exceeded twelve months. Notice, however, that there is no clear relationship between the level of formal education and access to remedial training: Contrary to the hypothesis that these programs allow participants to catch up with their college-educated peers, 27% of college-educated officials received training for more than six months, against 22% for those with secondary education, and only 19% among those with primary or no education. (See Table 5.2.) Thus, the hypothesis that formal rank is positively correlated with formal education if official directives are effectively enforced should be tempered with an auxiliary proposition: *Career prospects are brighter for cadres with access to remedial education than for those without.*

Recent developments reinforce the view that formal tertiary education has become a key factor in attaining cadre status in the “late reform era,” as Walder, Li, and Treiman detected in their life history study (2000: 200, Table 2). According to Wang Shaoguang (2002), “The use of forged university diplomas is so extensive that the national census in 2000 recorded at least 600,000 more college or university graduates than the actual number of degrees awarded.” The unsavory consequence of this increasing formalism in the organizational system is the tendency among cadres who do not meet these standards for promotion to purchase fake college diplomas, out of desperation. The scandal has resulted in a Party crackdown against 15,000 officials nationwide (Yan, 2004; Yang, 2001).<sup>21</sup>

To sum up, the following hypotheses are consistent with current cadre policy:

- (1) *Educational attainment is positively correlated with cadre rank.*
- (2) *Access to adult education is positively correlated with cadre rank.*

**Professional Experience and Political Reliability.** The CCP’s emphasis on the promotion of professionally competent cadres has been a distinct yet related objective of its personnel policy since 1983. Unlike cadre education (which is reasonably objective and quantifiable), assessments of professional competence depend on a mixture of objective and subjective factors that need not be explicitly revealed by decision makers and are hardly measurable by third parties.

Formal rules state that cadres are subjected to two types of evaluations. Cadre “assessments” (*kaohe*) are used to monitor routine performance, while “investigations” (*kaocha*) are performed as the first formal step in the promotion process by the relevant Organization Department with nomenklatura authority over the position in question.<sup>22</sup> In practice, personnel regulations operationalize competence as a combination of educational attainment and professional

<sup>21</sup> See Alice Yan, “15000 Officials Busted with Bogus Credentials,” (Hong Kong) *South China Morning Post*, July 6, 2004, and Yang Dongping, “Justice and Corruption, in 2000,” in “Educational Evolution in China,” State Education Commission, 2001 (<http://www.edu.cn/20010101/22291.shtml>).

<sup>22</sup> Both results are recorded in the cadre’s dossier.



*experience*. This is due to the long-standing dilemma of principal-agent relations where agents can conceal their true performance to principals, who as a result must base their decisions on coarse information. Among Chinese local officials, the problem is compounded by the sheer mass of individuals who must be monitored by a relatively small number of officials in Organization Departments and DICs, making it very difficult to assess true cadre performance.

Current personnel regulations reflect the presumption of a positive correlation between competence and experience. They do not clearly operationalize competence as a factor for appointment or promotion, but instead explicitly link cadre rank with cumulative experience at specific administrative levels. The 1995 temporary regulations stipulated that appointments to the level of county magistrate require at least five years of professional experience, including two at a lower level of government, in at least two distinct positions (CCP Central Organization Department, 1995, Section 2, Article 72). The current version reaffirmed this principle as follows:

- (1) For promotion to a leading position at the county (division) level, one must have had at least five years of work experience and at least two years of experience working at the grass roots;
- (2) For promotion to a leading position above the county (division) level, one must normally have had experience working in at least two posts at the next lower level;
- (3) For promotion to a leading position above the county (division) level, where a deputy is to be promoted to be the principal, one must have worked in the position of a deputy for at least two years; where a principal at a lower level is to be promoted to the position of a deputy at a higher level, one must have worked in the position of the principal at the lower level for at least three years. (CCP Organization Department, 2002a: Article 7)

Cadre dossiers are closed to outside researchers, but the JES questionnaire was designed to obtain specific indicators of professional experience and assess its impact on cadre rank. Whether specific career paths actually predict access to higher bureaucratic ranks remains to be seen. At best, the organizational rules reveal the center's preferences, not Beijing's enforcement capabilities. If the center does in fact impose its will onto the localities, *we can hypothesize that professional experience is broadly correlated with rank*, which is a necessary (but not

sufficient) condition of local compliance with personnel regulations. If we were to find no empirical relationship between experience and rank, it would be harder to conclude that the CCP has maintained an effective control over personnel policy in the localities surveyed here.

As Shirk (1993) has demonstrated, various components of what is often loosely labeled the “Party-state” have distinct characteristics, functions, and impacts on China’s overall political system. Undoubtedly, overlapping personnel, multiple lines of authority, and sometimes even physical overlap complicate the structure of the Party-state.<sup>23</sup> Yet if this disentangled conceptualization is warranted, we must further tease out its implications for the management of local elites. Despite these bureaucratic complexities, political power ultimately rests with individuals who do not always wear multiple “hats.” Some cadres may be posted only in Party or government organs, while others may cumulate any combination of Party, state, mass organization, or enterprise responsibilities.

The JES instrument allows us to test whether professional experience in specific types of organizations does in fact affect the promotion patterns of county elites. I operationalize the diversity of cadre experiences through the prism of well-established bureaucratic categories, as defined by local Organization Departments. Thus, I coded the respondents’ experiences as follows:

- **Party** refers to postings within CCP departments and commissions, Party groups within government bodies, Party committees within enterprises, and political assignments for military cadres. Examples of Party departments at the county level include the Organization Department, the DIC, the Department of Propaganda, and the General Office under the Party Committee.
- **Military** experience includes all branches of the People’s Liberation Army and the People’s Militia.
- **Government** experience refers to postings in the state bureaucracy, such as the planning commission, the education commission, the finance bureau or the environmental protection bureau. This

<sup>23</sup> Organizations may be allowed to operate under several, formally distinct, titles. This is known as “one organization, two plates” (*yige jiguan, liangge paize*). For instance, Party schools frequently double up as institutes of public administration.

category also includes positions at the subcounty level, such as a deputy head of a township people's government.

- Codings for experience in *mass organizations* follow standard organization tables. These include the Communist Youth League (*gongqingtuan*), the Women's Federation (*fulianhui*), the Trade Union (*zonggonghui*), or the Chinese Federation for Industry and Commerce (*gongshanghui*).<sup>24</sup>
- *Township and subcounty experience* is defined as any Party, government, enterprise, or other professional experience in a township or below. The purpose of this variable is to distinguish professional experience in "rural" areas from that of individuals assigned to jobs in the county seat or even larger urban areas.
- *Enterprises* include both state-owned and collective firms at any level of local government, regardless of rank.

None of these coding rules are mutually exclusive. For example, a deputy head of a taxation bureau who concurrently serves as the secretary of the bureau Party group counts for both "Party" and "government" experience. Similarly, cadres posted in institutions that operate both as state bureaus and enterprises count for both "government" and "enterprise." Likewise, an assignment as township Party secretary is coded "1" for both "township" dimension and the variable that accounts for experience in "Party institutions."<sup>25</sup>

### Expectations Regarding the Relationship between Professional Experiences and Rank

Before proceeding to specific hypotheses mapping institutional experiences to cadre promotion, consider the null hypothesis that only

<sup>24</sup> This is not an exhaustive list of all mass organizations, but is representative of the most frequent assignments among JES respondents.

<sup>25</sup> Examples of agencies that operate jointly as government bureaus and companies (or local branches of a company) include textile bureaus, electrical power bureaus, light industry bureaus, supply cooperatives, etc. The specific details vary locally and over time. The coding for concurrent professional experience was developed for each JES county from the relevant municipal yearbooks, which cannot be cited here in order to maintain the anonymity of the research sites. For published examples of the current classification of local Party departments, government bureaus, service units (*shiye danwei*), and enterprises in localities in Jiangsu, see inter alia: *Zhangjiagang Yearbook 1998* (1999: 45–56) and *Gaoyou Yearbook 1997* (1998: 67–86).

experience in general – and not specific experience in the different institutions as listed here – accounts for promotions:

***Null Hypothesis: Seniority Matters; Career Paths Do Not.*** The argument that the nomenklatura of long-lasting communist regimes is so institutionalized as to become ossified has a long pedigree in studies of comparative communism.<sup>26</sup> Jerry Hough (1981: Chap. 3) explains change in the Soviet political and administrative elite in terms of (slow) generational turnover, which in turn caused a gradual increase in the levels of education among the ruling elite. This argument was built in part on weak data, as very little beyond simple biographical information on the Soviet leadership was available at the time. Without clearer measures of the institutional pathways of power within the nomenklatura, rival hypotheses about the causes of promotions or demotion were simply not testable empirically. Despite these shortcomings, such analyses pointed at a strong empirical regularity among communist regimes: Political power tends to be allocated in careful, predictable ways that stress seniority above other considerations.

There is little doubt that seniority affects the odds of selection to higher office in China. Much of the CCP's effort to rebuild the cadre corps was precisely aimed at returning to the system of fairly regularized promotions that had emerged by the mid-1960s but was destroyed during the Cultural Revolution. Inevitably, the emphasis on promoting competent cadres makes it all the more likely that seniority is seen as a positive factor for promotion, with the proviso that other basic age and educational criteria must also be met. Zang Xiaowei's analysis of the biographies of China's political elite confirms the importance of seniority for access to senior Party posts, but argues that its impact is institution specific. Drawing on Shirk, he concludes that the division of labor between the Party and the government makes the CCP sensitive to seniority for access to top Party jobs, though access to more technocratic government jobs depends more on one's level of education (Zang, 2003). The implications of these findings at the county level are clear: Seniority in general is likely to have only a weak impact on

<sup>26</sup> See Hill and Lowenhardt (1991).

promotions, but seniority as a Party official is likely to have a strong and positive influence on one's career prospects.

### Institution-Specific Hypotheses Mapping Experience to Cadre Promotion

***Party Institutions and Political Reliability.*** Shirk (1990, 1993, 1994) analyzed this strategy as a shift to principal-agent relationship, with the Party in charge of supervising the government bureaucracy. If this conceptualization is correct, it is clearly in the best interest of the CCP leadership to promote cadres closely involved in the management of Party affairs, as Zang (2003) has shown for the central and provincial elite.<sup>27</sup> The principal-agent framework implies that the relationship between cadres and their appointers are structured in more subtle and flexible ways than the classical nomenklatura model suggests. It assumes instead a large degree of institutional diversity within the "Party-state" and posits that decision makers can and do discriminate among cadres who have varied institutional experiences. This is not to say that seniority is irrelevant but that different kinds of seniority do not weigh equally in the calculus of cadre promotion.

Officials posted in Party institutions are presumed to be more politically reliable than those posted in other institutions of the Party-state. This is not solely due to the tendencies of social elites to reproduce themselves in an institutional environment that allows them to do so (Bourdieu, 1989) or to the excessive reliance on personal connections (*guanxi*), but is rooted in common political sense: A Party concerned with its own survival ought to maximize the political reliability of cadres promoted to higher office (Guo, 1999).

***Seniority as a CCP Member.*** Experience in Party institutions is quite distinct from Party seniority. While the overwhelming majority of respondents reported being CCP members (albeit with large variations in seniority), only a subset of interviewees had experience in Party institutions. Given the regime's emphasis on effective political

<sup>27</sup> Experience in Party institutions is measured annually, and measured as the cumulative number of years in such posts.

control, rather than mere ideological commitment, Party seniority as such is unlikely to be as relevant to a cadre's career prospects as the exercise of substantive responsibilities within CCP institutions. However, the dual-path model of elite mobility implies that loyalty should be rewarded, and Party membership is widely used in the career-path literature on communist regimes (Bian, 1999). In their empirical analysis of life histories, Walder, Li, and Treiman (2000) only account for Party membership as a binary variable. However, Party seniority is a more appropriate control variable, because long-standing members are likely to be more trusted than novices. Seniority as a Party member (measured in years) is therefore also included in the model of cadre promotion as an independent variable, separate from cadre experience in Party institutions.

**Military Experience.** The presence of former military cadres in county governments can be traced to the partial demobilization of the PLA in the 1980s, which entailed a sharp reduction in manpower and a shift toward technological modernization: Demobilized cadres were reassigned to civilian posts. Yet it is important to note that the influx of demobilized soldiers after 1983 did not present local Party committees with the political dilemmas (and potentially severe challenges) that characterized military influence in local governments throughout the Maoist era.<sup>28</sup> In contrast, demobilization in the 1980s did not necessarily run counter to the best political interests of local Party committees. It appears that demobilized personnel were sent back to their home county; among JES respondents, the ratio of "locals" to "outsiders" is five to one for cadres with military experience, but is only two to one among those with civilian backgrounds.

<sup>28</sup> In Jiangsu during the 1950s, high-level offices (particularly in *Sunan*) were frequently allocated to former officers of the New Fourth Army. These were overwhelmingly natives of Shandong province. By the 1960s, their influence had somewhat receded, as the proportion of civilian leaders was gradually increasing. The remilitarization of the bureaucracy in 1968 imposed a second wave of local officials with roots outside of Jiangsu, if not the East China region. Lin Biao's death and the quick return to CCP-controlled civilian rule after 1971 provided the localities with the unexpected opportunity to rid Party committees of outsiders. This phenomenon accelerated greatly after 1977.

TABLE 5.3. *Geographical Origin of JES Respondents with Military Experience Compared with Officials with Civilian Background Only*

|                                                                  | Military Experience |     |
|------------------------------------------------------------------|---------------------|-----|
|                                                                  | Yes                 | No  |
| Respondents born in the county<br>where they were posted in 1996 | 68                  | 105 |
| Respondent born outside this county                              | 12                  | 55  |

Source: JES database.

Military experience constitutes a strong signal of political reliability, particularly among officials who served as PLA cadres and not merely as ordinary soldiers. JES revealed that as many as eighty interviewees had some form of PLA experience.<sup>29</sup> Among those, 75% were promoted to cadre positions while serving in the armed forces: Not only do these officials have experience as Party members, but their prior posting as military cadres further signals to civilian Party committees that they have already been thoroughly screened by political commissars and Party organizations within the military. (See Table 5.3.)

The fate of these cadres as civilian officials is interesting given the contradictory goals of military and personnel policies. Demobilization was justified on the grounds that China's new military strategy would focus on advanced weaponry and technically competent officers. As a result, less educated soldiers were more likely to be demobilized. On the other hand, the locales that absorbed them were theoretically bound by the principle that promotions should be tied to education. JES respondents with military experience are less likely to hold a college degree than other civilian cadres, and more likely to have only a middle or high school education.

It seems likely that if past institutional experience matters, officials with a military background should rise higher and faster in the local hierarchy than ordinary cadres, controlling for educational attainment. However, there is no reason to expect a priori that the impact of

<sup>29</sup> Seventy-one percent of the respondents had no military experience. Among those who did, actual data range from one to twenty-nine years.

TABLE 5.4. *Proportion of JES Respondents with Military Experience, by Rank*

| Rank                                       | Percentage of Officials<br>with PLA Experience | Number of Officials<br>at This Rank |
|--------------------------------------------|------------------------------------------------|-------------------------------------|
| Deputy bureau head                         | 37                                             | 76                                  |
| Bureau head                                | 28                                             | 75                                  |
| Deputy commission chairman                 | 43                                             | 37                                  |
| Commission chairman                        | 23                                             | 30                                  |
| Deputy county head                         | 36                                             | 11                                  |
| County head                                | 33                                             | 9                                   |
| Vice chair, municipal<br>people's congress | 0                                              | 3                                   |
| TOTAL                                      | 33                                             | 241                                 |

Source: JES database.

military experience should be significantly weaker or stronger than that of past assignments in the CCP bureaucracy: Both strongly suggest a high degree of political reliability, which should favor such cadres. (See Table 5.4.)

*Experience in Government Institutions.* The principal-agent framework for Party/government relations implies that cadres who are posted in governmental institutions are subordinate to Party officials and that institutional barriers stand in the way of government cadres expecting promotions to higher posts. First, although formal Party institutions penetrate all sectors of the bureaucracy, government and Party appointments are formally distinct: CCP membership is not required to hold positions in the state bureaucracy, although the lack of a Party card can be a grave impediment to further promotion.<sup>30</sup> Second, the Chinese regime has historically been suspicious of its own state bureaucracy, and as Zang (2003) has shown with respect to provincial officials, there is evidence of a persistent dual-career track between Party and government officials. The odds of promotion are also reduced mechanically by the lack of opportunities in the government bureaucracy relative to CCP departments. Local government

<sup>30</sup> Non-Party cadres are ipso facto disqualified from appointments to Party institutions.



bureaus account for the great bulk of assignments to the local bureaucracy, but among the dozens of positions at equal rank, competition for promotion to the next level is fierce. For instance, Gaoyou – a county-level city under the municipality of Yangzhou – listed 31 positions of deputy department/bureau head and 15 posts of department heads on the city's nomenklatura for Party posts (a 2-to-1 ratio), whereas the same ratio reached almost 4 to 1 for positions in the city government (135 and 34 posts, respectively).<sup>31</sup> On average, the opportunities for promotion among cadres posted in Party organizations far outnumber those for cadres posted in government institutions.

Despite these potential handicaps, it is unclear how disadvantaged government officials really are relative to their Party peers. The distinction is somewhat artificial, since many cadres hold concurrent posts in the CCP and the government. For instance, a chairman of a county economic commission is very likely to also serve its deputy or full Party secretary. However, in order to establish empirically whether cadres steeped in Party affairs have a distinct career advantage, we need to measure both Party and government experience explicitly.

***Experience in Mass Organizations.*** Besides the Party, the Chinese bureaucratic system includes a number of “mass organizations.”<sup>32</sup> Although they remain under the “leadership” of the Party, they maintain distinct institutions, and appointments to these bodies are not handled according to regular personnel procedures.

The expectation that promotions are rarer among officials with government (as opposed to Party) institutional experience also holds in the case of MOs. As was the case in other communist regimes, the CCP relies on mass organizations to enhance its penetration of civil society, ensure compliance with Party policies, and – to a limited degree – collect feedback from the general population. Although MOs

<sup>31</sup> This count excludes city departments under the joint leadership of Gaoyou and Yangzhou, educational institutions as well as “second-level bureaus” (*erjiju*), since heads of second-level bureaus have the formal rank of a deputy bureau head. See *Gaoyou Yearbook 1997* (1998: 67–73).

<sup>32</sup> The following institutions were coded as mass organization: the Communist Youth League, the Women's Federation, the trade union, and local people's political consultative conferences. Consultative conferences are not technically considered mass organizations, but their functions are comparable to those of MOs.

have sometimes been decried as mere transmission wheels of the CCP that provide little more than honorific positions for the cadres who head them, this hypothesis has not been tested empirically. Mass organization leaders are expected to be loyal to the CCP, but not necessarily more so than government cadres. In fact, they operate as quasi-government agencies. For instance, a key task of the Women's Federation is to mobilize its extensive network of county and subcounty branches to enforce the "One Child Policy." Similarly, the official trade union enforces labor policy decided at higher levels in the Party and has very little substantive autonomy. Unlike local Party committees (and the departments under them), local mass organizations have not been entrusted with the authority to take significant policy initiatives. This need not hinder the careers of cadres posted there, but unlike experience in CCP organs, experience in mass organizations is unlikely to result in a significant career boost.

An alternative hypothesis holds that mass organizations can serve as a training ground for young officials earmarked for future promotion, particularly if they have served in the Communist Youth League (CYL). Both during Hu Yaobang's tenure as general secretary and under Hu Jintao since 2002, observers noted the proliferation of promotion of officials with prior experience as League managers. Both general secretaries headed the CYL earlier in their careers, and seemed eager to use this connection to populate the Party hierarchy with supporters (Cheng Li, 2002).<sup>33</sup>

*Township and Enterprise Experience.* The importance of the township economy in the reform era begs the question of the effect of township experience on the careers of county officials. One would expect that prior postings in townships increases the odds of cadre promotion given the regime's emphasis on linking success in managing the local economy with political rewards. In Jiangsu, township development has been spectacular, particularly in the municipalities of Southern Jiangsu (*Suman*) (Li, 1997; Jacobs and Hong, 1994; Jacobs, 1999; Pei, 1993; Wang Xialin, 1993). If personnel policy has successfully shifted

<sup>33</sup> Jiangsu province also had a crop of provincial officials who reached high office in a similar fashion: Gu Xiulian, the first woman governor of Jiangsu (and China), rose to prominence in the Jiangsu Women's Federation.

in favor of cadres with significant economic competence, those with township experience should on average be rewarded more frequently than cadres who only have experience in county offices.

Nevertheless, appointing authorities may have good reasons to be concerned about the degree of reliability of officials with township and enterprise experience. First, the sheer geographical dispersion of township cadres challenges the monitoring capacities of Party organizations. Unlike bureau-level cadres who are concentrated at the county seat and hold the same bureaucratic rank, township cadres have fewer opportunities to interact with decision makers at the county seat, particularly the officials who are likely to have a say about their future promotions. All other things being equal, decision makers who have to choose between promoting individuals already posted in county institutions with whom they have formal and informal ties and township officials with whom they rarely interact are likely to prefer the former over the latter.

Furthermore, cadres who have demonstrated enterprise experience are not necessarily equipped to function well in the bureaucratic institutions of the county government. Township enterprises are usually nonstate collective entities that lie outside the plan and enjoy highly decentralized management. In fact, Chinese township and village enterprises (TVEs) are known more for their ability to circumvent the strictures of the traditional state-run economy than for their compliance with formal regulations! It does not follow that it is necessarily in the best political interest of county-level Party committees and Organization Departments to promote township entrepreneurs systematically, even if they are successful ones.

A search through the biographies of the Chinese political elite reveals the potential severity of the bias against township officials. As a baseline, I used the databank of Chinese personalities at Chinainfobank.com, which lists 6,598 high-ranking politicians. Among those, 1228 (18.6%) have served on Party committees at the county level. Yet only 57 officials (or 4.7% of ex-county committee members) also have experience on Party committees at the township level, mostly during the commune era (INFOBANK, 2005). Of course, these ratios should be viewed with caution, since many officials who serve on county committees are excluded from the databank because they have not reached a post of sufficient seniority. Yet it appears that township elites are only rarely recruited for positions at the county level.

*Expectations Related to Specific Policy Goals.* The model also incorporates a number of time contrasts that are interacted with key independent variables in order to capture the sensitivity of cadre policy to the vicissitudes of China's overall political climate. This allows for testing key hypotheses presented here in a more rigorous time-sensitive fashion.

Consider the example of education. If the center can effectively compel localities to enforce its policy favoring educated officials, it is reasonable to expect that the "educational boost" is independent of such time contrasts. So long as the policy has clearly stated goals, has easily measurable criteria, and ranks highly on the agenda of key central leaders, compliance is more likely. Beijing's emphasis on the promotion of better-educated cadres meets such criteria, as key central officials consistently restate the policy that cadres with high levels of education must be promoted faster. The policy is also easily measurable.<sup>34</sup>

The alternative hypothesis of a declining capacity to enforce the policy as decentralization deepened should be reflected in decreasing coefficient estimates as time progresses. In the early years of decentralization, the scope of local deviation may have been limited: The existing stock of leaders appointed under the more centralized system (pre-1983) was replaced in increments. As county Party committees controlled a greater proportion of local cadres, the opportunities to allow idiosyncratic factors affecting new appointments increased over time. As a result, official criteria may only *gradually* become less relevant to the appointment process.

*Expectations Related to the National Political Context.* A second time-dependent hypothesis argues that the extent of local discretion depends more on the national political climate than on the institutional framework governing personnel policy in the long run: Local discipline is less strictly enforced during periods of political relaxation, but greater compliance is expected when the center explicitly signals its desires to strengthen policy enforcement. Huang (1996a) already

<sup>34</sup> The importance of educational attainment for cadre recruitment and promotion is evident in the structure of local statistics on personnel. County and municipal gazetteers – as well as organizational histories (*zuzhi shi ziliao*) – usually present reasonably detailed tabulations of the composition of the cadre corps by level of education. Furthermore, detailed educational profiles are always included in personal dossiers (*dang'an*).

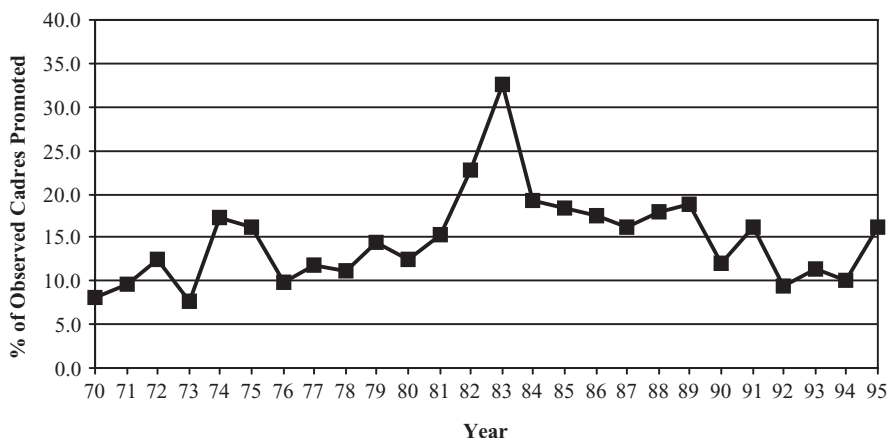


FIGURE 5.3. Rates of Promotions among JES Respondents. *Source:* JES database.

established the existence of such linkages between the appointment of provincial governors and the center's expectation of reduced investments during periods on anti-inflationary retrenchment. I follow the same logic here: During periods of political uncertainty, the center demands greater compliance, and these demands are more likely to be met at the local level.

The era of personnel decentralization is divided into three distinct periods in the model: the initial years (1983–1988) characterized by relative political relaxation under Zhao Ziyang and Hu Yaobang; the years of economic and political retrenchment surrounding the Tiananmen crisis (1989–1992); and the period following Deng's "southern inspection tour" (*nanxun*), marking the end of the post-Tiananmen retrenchment and the official sanction of local economic initiatives.<sup>35</sup>

Rates of promotions appear to be related to the broad political and institutional reforms since the Cultural Revolution. (See Figure 5.3.) When personnel management was decentralized (the 1970s), promotion rates among JES respondents oscillated between ten and fifteen

<sup>35</sup> The reader may question this segmentation. Clearly, central policies are multidimensional and fluctuate constantly. A more realistic model calls for finer specifications of time effects through yearly dummy variables interacted with the relevant independent variables, but such a model is hardly tractable. Furthermore, it is not altogether clear that annual effects can be credibly mapped to ex ante measures of the center's preferences. I believe that the simpler periodicity does not unduly oversimplify the policy cycles.

percent, implying that a cadre would be promoted every seven to ten years on average. After peaking in the early 1980s (when personnel reforms were initiated), promotion rates have declined, albeit in a cyclical fashion: notice that despite the downward trend after 1984, promotion rates edged higher in 1989 and 1991.

## RESULTS AND DISCUSSION

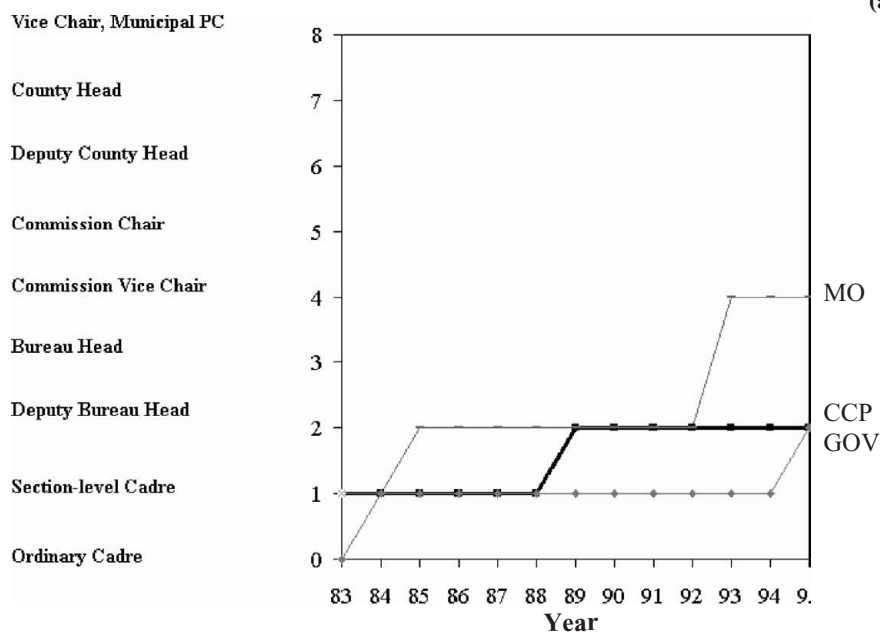
The details of the econometric results and a discussion of the sensitivity of the results to the problem of retrospective selection bias are presented in Appendix 5A. Unlike ordinary regression models, ordered probability estimates are not linear. In the present case, time-specific effects, interacted with other independent variables, further complicate interpretations based on coefficients alone. In order to clarify the discussion, I describe the effect of different independent variables by holding other characteristics constant at values typically observed within the JES sample. These simulations assume that an official (Mr. Li) is observed from 1983 to 1995; he became a state cadre in 1975, joined the Communist Party in 1977, served in the People's Liberation Army for two years, and received one month a year of professional training. Mr. Li had accumulated four years of professional experience in an enterprise located in a township. Since education seems to be a strong predictor of cadre rank, I analyze the impact of other independent variables on Mr Li's rank in conjunction with different levels of education.

### Party Experience as a Vehicle for Cadre Promotion

The simulations presented in Figures 5.4a and 5.4b map the relationship between predicted cadre rank and institutional experience in the Party, controlling for educational attainment. Assuming that Mr. Li has a university degree (Figure 5.4b) and is posted in a state organization throughout the entire period, the model predicts that he would be promoted to deputy bureau head in 1989, his highest predicted rank.<sup>36</sup>

<sup>36</sup> In this case, a state administration means a county administrative unit, not a township government posting. The cumulative township experience for Mr. Li is fixed at 4 for all annual estimates, and the binary variable accounting for township experience in the immediate past is set at zero for all years.

(a)



(b)

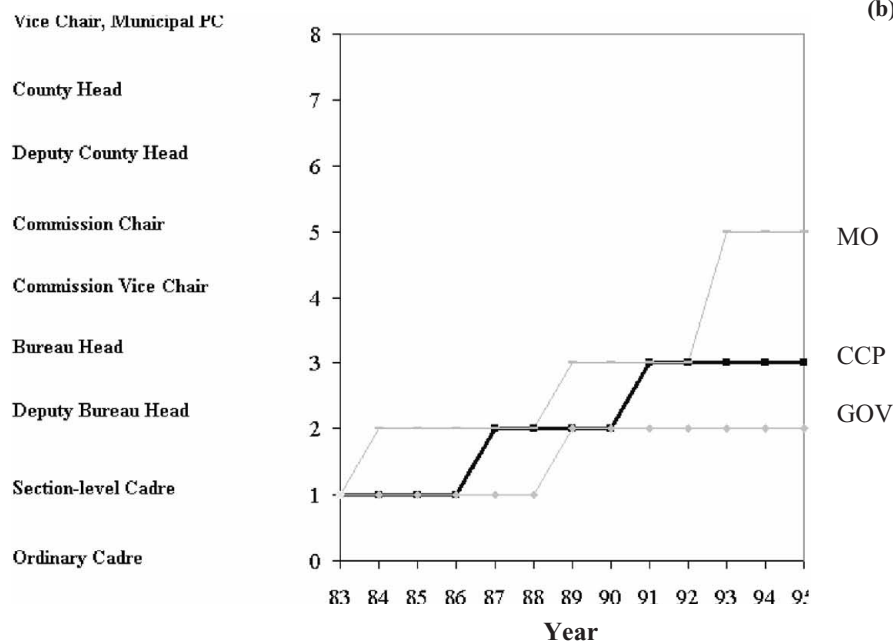


FIGURE 5.4. (a) Predicted Rank for Mr. Li, Assuming Secondary Education;  
 (b) Predicted Rank for Mr. Li, Assuming Tertiary Education.

In contrast, a continuous assignment in a Party institution predicts quicker promotions, and a higher terminal rank: Mr Li would be made a deputy bureau head as early as 1987, and bureau head by 1991.

The strength of the relationship varies across time periods in a fashion that is both substantively and statistically significant. If we further account for Party seniority – a requisite for employment in Party organizations – these combined “Party” effects have the greatest impact on promotions from 1983 to 1987. After 1993, when central and especially provincial authorities were capitalizing on Deng Xiaoping’s southern inspection tour to promote a massive investment drive and rapid economic expansion, cumulative Party experience was far less important, as demonstrated by the shifting slopes in Figure 5.5. This suggests that cadre policy in the localities is affected by major policies promoted by national and provincial leaders.

The model also indicates that *current* assignments in Party departments have a large impact on cadre rank in later periods of the reform era. Combined with the separate impact of *past* assignments, the net impact of assignments in Party departments on career mobility grows over time. On average, JES respondents had accumulated about 7 years of experience in Party institutions by 1996. Assuming that all of it predates 1983, its impact is  $7 \times .06 = .42$  for 1983–1988, but only .28 for 1989–1992.<sup>37</sup> In contrast, the short-term impact of current assignments in CCP departments climbs steadily over time. (See Table 5.5.)

Party experience *alone* cannot explain how high a cadre is likely to rank, but it certainly makes a very substantial difference in terms of predicted outcomes, especially at the higher end of a county’s political hierarchy. Above the level of bureau head, the joint impact of current and cumulative experience in CCP organs for 1992–1995 is sufficiently large to “push” a cadre by one full rank.<sup>38</sup>

<sup>37</sup> I discount the cumulative effect for 1992–1995, since the coefficient  $\beta = .02$  is not even significant at the .1 level.

<sup>38</sup> Ordered probit models predict to a specific outcome if the linear estimate ( $X\beta$ ) falls between two threshold parameters. The “non-linearity” of these models arises because thresholds are parametric estimates that need not be unevenly spaced. This is why the impact of “Party experience” is sufficient to push predicted outcome by more than one full rank in the higher range of  $\mu$ , but is too small to cross a threshold below the rank of deputy bureau chief.



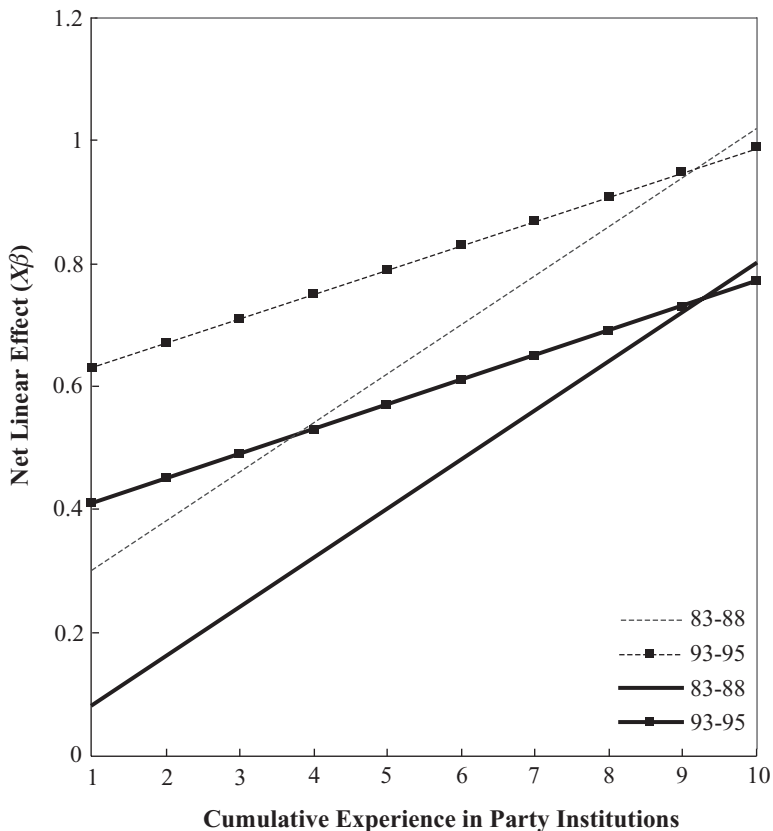


FIGURE 5.5. Combined Linear Effects of All Coefficients Related to Experience in CCP Institutions and Seniority as a Communist Party Member (1983–1988 vs. 1993–1995). Dashed lines denote computations based on all coefficients (previous year posting, cumulative posting, and seniority as a Party member, whereas continuous lines denote computations that exclude the coefficient accounting for previous year posting from 1983 to 1988 ( $\beta = \text{"CCP"} = .22$ ), which is not statistically significant.

### The Effect of Mass-Organization Experience

The impact of experience in mass organizations is very strong. It is especially pronounced in the 1980s, but seems to diminish thereafter.<sup>39</sup> To

<sup>39</sup> The cumulative measures of mass-organization experience interacted with time-specific covariates (1989–1992 and 1993–1995) dampen the impact of such postings. In 1993–1995, the net linear impact is negative ( $.07 - .08 = -.01$ ), but given the large

TABLE 5.5. *Linear Effects and Joint-Significance Tests of Cadre Assignments in CCP Institutions*

|           | Joint Impact |       | Current Posting |       | Cumulative Effect |       |
|-----------|--------------|-------|-----------------|-------|-------------------|-------|
|           | $\beta$      | Prob. | $\beta$         | Prob. | $\beta$           | Prob. |
| 1983-1988 | 0.28         | 0.12  | 0.22            | 0.25  | 0.06              | 0.00  |
| 1989-1992 | 0.40         | 0.02  | 0.36            | 0.04  | 0.04              | 0.00  |
| 1993-1995 | 0.61         | 0.00  | 0.59            | 0.00  | 0.02              | 0.15  |

*Note:* Linear effects underestimate the true magnitude of cumulative effects, as they implicitly assume only one year of cumulative experience in Party institutions, namely, the coefficient itself.

some extent, the simulations presented in Figure 5.6 tend to exaggerate its effect because they assume continuous MO postings and most officials exhibit more mixed career paths. Only a minority of cadres ever works for mass organizations,<sup>40</sup> and few (7% of the respondents) accumulated more than ten years of professional experience there. Nevertheless, the model shows without ambiguity that mass organization experience had the largest effect in the early 1980s, which vindicates the demonstration effect of Hu Yaobang's own career path up the Party hierarchy.

The correlation among youth, education, and leadership experience in mass organizations may also explain why such cadres tended to rise faster and higher than others at the time. A closer look at the JES sample confirms that educational achievement is positively correlated with cumulative mass-organization experience. Thus, local governments that sought to actively enforce the new policy linking educational attainment to cadre promotions were better off seeking officials posted in mass organizations, rather than promoting their less educated counterparts in state and (to a lesser degree) Party organizations.

effect of a current MO posting ( $.72 + .45 = 1.17$ ), the simulation predicts further promotions after 1992. However, the large variances of some interaction terms cast some doubt on their true magnitude. If these suspicious coefficients are excluded from the computation, the predicted rank of a cadre posted in mass organizations is less dramatic. Furthermore, recall that the simulation takes into account the factors that keep "ticking" over time, such as seniority as a state cadre and as a Party member. Given the starting values assumed in 1983, their effect dwarfs the net impact of MO posting after 1993, hence the misleading prediction that MO postings "cause" further promotions.

<sup>40</sup> 187 respondents (77%) have no MO experience.

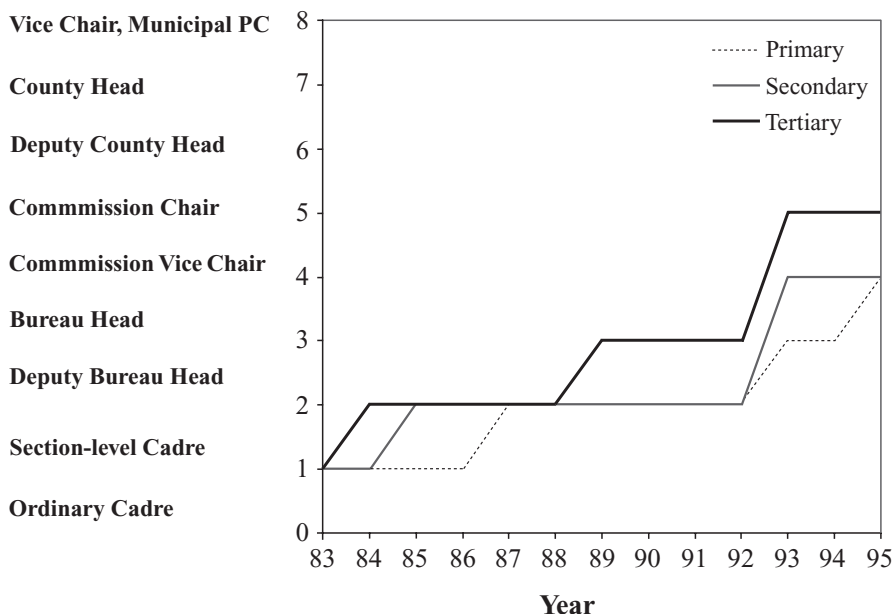


FIGURE 5.6. Impact of an Appointment in a Mass Organization, by Education Level.

### The Importance of Regular Tertiary Education

The hypothesis regarding the effect of adult education (including attendance at Party schools) on the careers of officials with limited education does not hold: Cadres who have a tertiary education are just as likely to attend additional training as are members of any other group. The cross-tabulations suggested the lack of a statistical relationship between the level of formal schooling and exposure to adult education, and ordered probit estimates confirm that adult education is indeed unrelated to career mobility.<sup>41</sup> Instead, *regular* university education predicts high ranks among JES respondents.

<sup>41</sup> The coefficient is not negligible considering the scale of the variable, but its variance is too high to warrant any confidence in the true magnitude of its effect. Notice that the variable measures the number of months spent in remedial education during the preceding year (including Party schools). For a given year, the maximum linear effect is  $12 \times 0.026 = .308$ , a limited one-time gain and a rather rare occurrence since only 45 respondents reported participating in programs lasting a year or longer.

TABLE 5.6. *Linear Effects and Significance Tests of Cadre Education, by Period*

|           | High School |       | University |       |
|-----------|-------------|-------|------------|-------|
|           | $\beta$     | Prob. | $\beta$    | Prob. |
| 1983-1988 | 0.19        | 0.45  | 0.51       | 0.04  |
| 1989-1992 | 0.33        | 0.16  | 0.92       | 0.00  |
| 1993-1995 | 0.44        | 0.05  | 0.98       | 0.00  |

*Note:* The baseline model assumes that the respondent has a primary school education or less.

These results differ from what Li and Walder (2001: 1401-1402) report in their test of the impact of regular and adult education on the attainment of elite cadre positions in urban China. One important reason is the difference in the definition of elite cadres across samples. The Party may have been willing to sponsor adult education for lower and midlevel cadres, but the more senior officials of the JES study had to face the more stringent rules of the Organization Department. As the Party shifted to more technocratic mechanisms of elite recruitment, the more senior jobs were reserved for formal degree holders, which is understandable given the severity of the selection for access to a full four-year university education in China. Indeed, cadres holding university degrees are promoted more frequently than any other group. The model predicts that an official with Mr. Li's characteristics and continuous employment in state institutions could reach the level of county commission chairman only if he held an advanced degree. In contrast, the same cadre holding only a high school education would peak as commission vice chairman.

The model not only accounts for the overall impact of tertiary education but also includes time-specific interaction terms. Overall, the positive effect of educational attainment on cadre rank increases monotonically over time, particularly that of university education. (See Table 5.6.) The value of a college degree (as measured by the magnitude of the net linear impact) was already high in the mid-1980s (.51), yet it almost doubled (.98) by 1993-1995. These findings are consistent with the results of Walder, Li, and Treiman, who also report that the hazard ratios doubled from the Mao era to the late reform era (2000: 200).

The strong relationship between regular educational attainment and predicted rank clearly shows that JES counties have not challenged the center's stated preference for promoting educated cadres. The reasons behind this implementation success are quite simple: Educational criteria are reasonably objective, easily collected, and easily verified. Local Party committees may be able to fudge compliance with imprecise concepts such as "morality" and "virtue," but Party officials are unlikely to be able to distort the level of education of cadres under their organizational purview.<sup>42</sup>

### Enterprise Experience

Barriers to entry into the county leadership are very high for unskilled or inexperienced individuals. Obviously, respondents once observed as ordinary workers, peasants, or students are unlikely to obtain a high rank immediately. The model predicts (logically) that such individuals would first be appointed at the lowest possible rank.

The model of cadre promotion accounts for economic factors in several ways. Individuals employed in factories or enterprises gain economic experience, which is consistent with the CCP's stated goal of promoting cadres "tempered at the grass roots." The Party's preferences for officials with managerial experience (as opposed to pure career bureaucrats) is patent. What matters is not where one sits at a given point in time, but one's cumulative experience over the years: A cadre who is currently posted in an enterprise is no more likely to obtain a promotion than his peers who work in county bureaus, but anyone with past enterprise experience will fare better than pure bureaucrats in the long run. In this sense, the results are consistent with the proposition that the Party apparatus is keen on rewarding economic performance, as is true among mayors.

However, the substantive effect of economic experience is far from sufficient to account for a complete career profile. The simulation presented to Figure 5.7 clearly shows the large independent

<sup>42</sup> In November 2005, a high-ranking official at the general office of the government of Shandong province (*bangongting*) indicated in an informal conversation that cadre assessments and evaluations are pointless, having no bearing on promotions, and that this view is widely shared among cadres. Given this high level of cynicism, it is not surprising that regulations stress formal and quantifiable criteria in their guidelines on how to promote local officials.

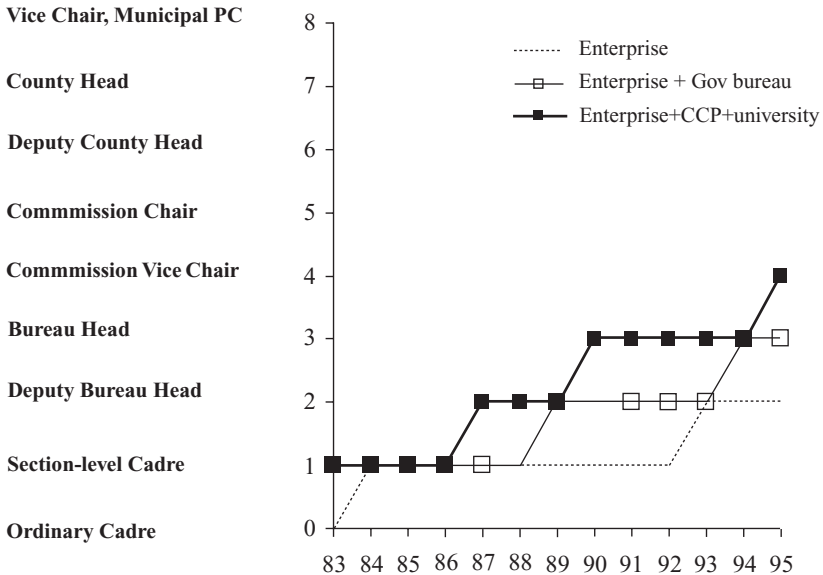


FIGURE 5.7. Effect of Enterprise Experience, Combined with Educational and Political Factors. Refer to the description of Mr. Li's background for the assumptions regarding the other factors included in the simulation.

effect of education and Party institutional experience when the latter are combined with a continuous posting in an enterprise.<sup>43</sup> For an individual whose other characteristics are the same as Mr. Li's, enterprise experience alone does not yield sizable career gains. In contrast, a similar cadre appointed to a position that combines entrepreneurial and bureaucratic experience (such as service units of the county government) is predicted to reach the rank of bureau head by 1995. The importance of experience in Party institutions and tertiary education is further evidenced here: Mr. Li would rise as high as deputy commission chairman, a ranking that exceeds by far that of a simple posting in an enterprise.

### Township Experience

Given the context of Jiangsu province where TVEs have made such an important contribution to economic growth, the finding that township

<sup>43</sup> Recall that the definition of enterprise in this context is quite broad. It includes not only normal factories and companies but also the county government bureaus that operate as enterprise and service units (*shiye danwei*).

experience – which entails a number of possible positions including township secretaries, enterprise managers, and/or even ordinary workers – has no bearing on the probability of promotions is especially noteworthy.<sup>44</sup> One explanation is that the political credentials of TVE leaders remain somewhat suspect, because the degree of county control over TVEs is uncertain (Walder 1998). County Party committees and Organization Departments may be reluctant to promote individuals with demonstrated competence in economic areas but who are also often quite removed from the county's bureaucratic reach.

The preferences of township cadres themselves may also play a role. In the 1990s, TVEs in Jiangsu were generally lucrative and offered numerous opportunities for rent seeking. The symbiotic relationship between the township government and township firms blurs the distinction between cadres and entrepreneurs. During a visit to an industrialized township in Wujin (near the city of Changzhou) in 1994, the Party secretary that I interviewed bluntly stated that he wore three “hats” concurrently: Party secretary, head of the township people's government, and director of the township's general corporation. His mind set (and income!) were so closely tied to the local corporation that a move “up” to a county bureau would have been less than appealing. Indeed, in the 1990s, many cadres who had to choose between their official appointment and life as business entrepreneurs decided to “jump into the sea,” thus putting an end to their bureaucratic career.<sup>45</sup>

The lack of permeability between township and counties may be of concern to proponents of a model of business–government relations in which successful entrepreneurs are co-opted into administrative jobs. But during the Chinese reforms, the opposite occurred. Instead, the private sector co-opted officials who were attracted by incomparably higher wages and career opportunities. Another problem for the Party personnel system is regulatory inflexibility: Otherwise competent individuals who lack the proper educational credentials cannot be

<sup>44</sup> These dynamics would be better understood if the JES survey instrument were administered to township and village leaders. To my knowledge, only Dickson (2003) has conducted a systematic survey of township elites in selected counties of Zhejiang.

<sup>45</sup> The problem of leading cadres who resign and go into business remains a sensitive one. In December 2005, a report from Zhejiang indicated that from 2002 to 2005, 129 leading cadres at or above the county level (including 13 cadres at the prefecture or provincial department level) had resigned voluntarily. See Huzhou Online (2005).

considered for an official post. In the 1980s and 1990s, many dynamic TVEs were led by self-made entrepreneurs who simply did not fit the profile of the ideal-type cadres of the Organization Department.

It is administratively easier and politically less risky to promote officials who have experience in state enterprises, as was the case in the four counties studied here. State enterprise cadres have usually been screened as Party members, and are thus presumably politically loyal. They also have a clear bureaucratic rank, which facilitates personnel transfers between enterprises and government bureaus. By contrast, the status of TVEs is quite ambiguous (Oi, 1999), and their managers are not necessarily considered as “state cadres.”

### Localism

The predicted promotion profiles are statistically identical across counties. Despite the purposeful selection of the research sites for their contrasting economic performance during the reform era, none of the dummy effects are significant. Again, these results are consistent with a well-institutionalized process of cadre promotion and contradict the alternative hypothesis that systematic variations in policy implementation arise as a result of decentralization.

### CONCLUSION

The career profiles of JES officials are consistent with the hypothesis that cadre policy has been implemented as its designers expected when they introduced institutional change in 1983. This is not to say that China's nomenklatura system has not been decentralized: It clearly has. Yet the behavior of the localities broadly conforms to Beijing's initial objectives. Bruce Dickson (1996) contrasts the successful ability of the Kuo Min Tang to adapt to a changing institutional and political environment on Taiwan to a far less responsive CCP on the Mainland, including during the reform era. The JES study suggests instead that the adaptability of the Chinese Communist Party may be greater than is generally assumed.

At the outset of the reform process, the CCP significantly adapted its *expectations* about local cadres and altered the rules of the game in fundamental ways. The two-levels-down system of cadre appointment



was abolished, nomenklatura authority was decentralized, and explicit personnel regulations were issued with the hope of structuring and constraining the process of allocating political power in China's localities. Such changes cannot compare with the far-reaching transformation of the Taiwanese political system, but they speak to the determination of China's central political leadership to redesign and strengthen existing institutions in order to perpetuate the CCP's political authority. The CCP did not adapt to popular demands, nor did it adapt to the broader forces favoring democratization among China's neighbors and beyond (Dickson 1997: Chap. 7). Nevertheless, it most certainly adapted to the need to reduce the exorbitantly high costs of monitoring local officials, to rejuvenate the cadre corps, and to systematically promote educated individuals without compromising its hold on political power. In that sense, the CCP has demonstrated a remarkable capacity to adapt *on its own terms* to the challenges of decentralization.

The fact that *in practice*, local officials are promoted on the basis not only of their educational achievements and entrepreneurial expertise but also of their proven experience in Party institutions speaks to the ability of the regime to maintain the political cohesiveness of the elite despite the potential centrifugal effects of decentralization. The process of economic reform has been brutal. Some localities, such as counties G and Y in Northern Jiangsu, did not fully benefit from the policies of "reform and opening," while others (including counties K and Z in the Southern municipality) proved remarkably capable of capitalizing on their newly acquired economic freedoms. The regime seems to have struck a reasonably successful balance between reinforcing the political authority of the CCP and allowing for the emergence of a rejuvenated cadre corps attuned to the developmental needs of the localities in which they serve. Lee (1991) argues that personnel policy turned "revolutionary cadres" into "career bureaucrats." The careers of JES respondents point to a slightly different conclusion: Some bureaucrats are more equal than others. Professional experience combined with formal tertiary education is helpful. However, these attributes are only a necessary but not a sufficient condition for a successful political-bureaucratic career in the counties surveyed here. The Party may no longer be the revolutionary instrument of mass mobilization of the Maoist era, its cadres may no longer be strongly committed to its

official ideology, yet the *institutions* of the Party operate as powerful filtering devices that help perpetuate the CCP's political leadership.

Paradoxically, the shift to the one-level-down principle strengthened the cohesion of the local cadre corps during a period of rapid and uneven economic change. By shrinking the geographical scope of the nomenklatura of Party committees at or below the provincial level, the one-level-down principle guarantees that cadres posted in vastly different economic environments no longer compete against one another for access to higher-levels posts in local Party and government institutions. Below the level of deputy county magistrate, officials now compete exclusively against cadres posted in the same county. The likelihood that they could be seriously disadvantaged in a more competitive system based on municipal or even province-wide criteria has been dramatically reduced *by design*.

The center never intended to weaken Party institutions, and it is plainly obvious that access to political power in JES counties remains highly correlated not only with CCP membership but, far more importantly, with specific professional experience in the Party institutions that effectively control the decision-making process throughout China's localities. Some feared that decentralization could be conducive to political fragmentation, encourage localism, and generally weaken Party discipline. Among post-reform cadres, stronger regional identities and tightly knit political communities would preclude the uniform enforcement of broad policy principles designed to guarantee the viability of the CCP's dominance in the long run. Instead, the model of cadre promotion shows that local variations in policy implementation are not systematic. To the extent that minor variations are observed, they tend to affect timing but not implementation itself.

Shirk conceptualized the post-1978 ties between the Party and the government as a principal-agent relationship. It is still the case that Party committees can issue direct and binding orders to governmental units and exercise veto power over governmental decisions that may contradict their interests. Yet such structures of authority are not robust to the informational shortcomings inherent to principal-agent relations. My results are consistent with the proposition that the Party has successfully reduced the informational problems. In lieu of crude, costly, and unpredictable controls by *diktat* or reliance on

TABLE 5A.1. *Ordered Probit Model of Cadre Rank*

|                                          | $\beta$ | S.E.    |
|------------------------------------------|---------|---------|
| <b>Previous year posting (0–1)</b>       |         |         |
| PLA                                      | 0.19    | 0.39    |
| CCP                                      | 0.22    | 0.19    |
| CCP* 1989–1992 effect                    | 0.14    | 0.16    |
| CCP* 1993–1995 effect                    | 0.37    | 0.21**  |
| State administration                     | –0.01   | 0.15    |
| Mass organization                        | 0.72    | 0.39    |
| MO* 1989–1992 effect                     | –0.27   | 0.31    |
| MO* 1993–1995 effect                     | 0.45    | 0.41    |
| Enterprise                               | –0.19   | 0.21    |
| Enterprise* 1989–1992 effect             | –0.12   | 0.23    |
| Enterprise* 1993–1995 effect             | –0.38   | 0.26    |
| Worker/peasant/student                   | –1.36   | 0.40*** |
| Township                                 | –0.47   | 0.17*** |
| <b>Cumulative experience (in years)</b>  |         |         |
| PLA                                      | –0.01   | 0.01    |
| CCP                                      | 0.06    | 0.02*** |
| CCP* 1989–1992 effect                    | –0.02   | 0.01    |
| CCP* 1993–1995 effect                    | –0.04   | 0.01*** |
| State administration                     | 0.02    | 0.01*** |
| Mass organization                        | 0.07    | 0.03*** |
| MO* 1989–1992 effect                     | –0.03   | 0.03    |
| MO* 1993–1995 effect                     | –0.08   | 0.04**  |
| Enterprise                               | 0.03    | 0.01*** |
| Worker/peasant/student                   | 0.02    | 0.01**  |
| Township                                 | 0.01    | 0.01    |
| <b>Control variables</b>                 |         |         |
| Remedial training (months, current year) | 0.02    | 0.02    |
| Seniority as state cadre (years)         | 0.02    | 0.01*** |
| Party seniority (years)                  | 0.02    | 0.01*** |
| <b>Education effects (0–1)</b>           |         |         |
| Secondary                                | 0.19    | 0.25    |
| Secondary* 1989–1992 effect              | 0.14    | 0.12    |
| Secondary* 1989–1992 effect              | 0.25    | 0.16    |
| Tertiary                                 | 0.51    | 0.25    |
| Tertiary* 1989–1992 effect               | 0.41    | 0.09*** |
| Tertiary* 1993–1995 effect               | 0.47    | 0.12*** |
| <b>Country effects (0–1)</b>             |         |         |
| Poor municipality, County 1              | 0.27    | 0.38    |
| Poor municipality, County 2              | –0.02   | 0.38    |

|                                    | $\beta$ | S.E.    |
|------------------------------------|---------|---------|
| Rich municipality, County 1        | 0.43    | 0.37    |
| Rich municipality, County 2        | -0.09   | 0.39    |
| Threshold parameters               |         |         |
| $\mu 1$                            | -0.12   | 0.45    |
| $\mu 2$                            | 0.92    | 0.45**  |
| $\mu 3$                            | 2.04    | 0.45*** |
| $\mu 4$                            | 2.83    | 0.45*** |
| $\mu 5$                            | 3.41    | 0.46*** |
| $\mu 6$                            | 4.08    | 0.48*** |
| $\mu 7$                            | 4.51    | 0.49*** |
| $\mu 8$                            | 5.24    | 0.57*** |
| N = 2847 (grouped data, 1983-1996) |         |         |
| Log likelihood = -4519             |         |         |

Note: Standard errors are adjusted for cluttering on respondent ID.

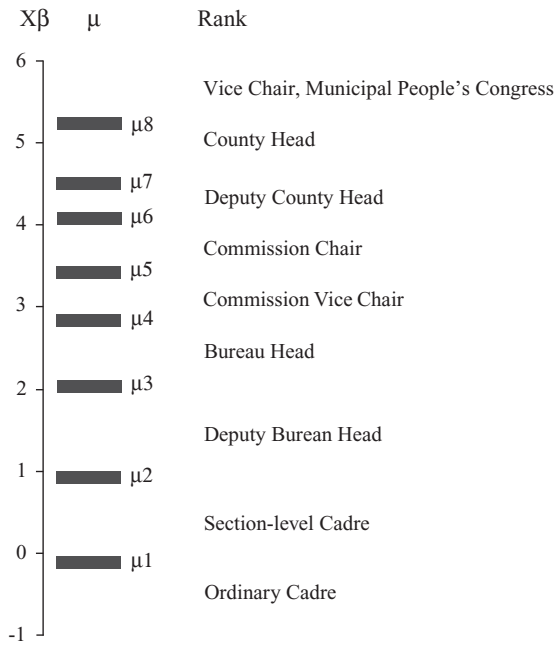


FIGURE 5A.1. Relationship between Threshold Parameters and Predicted Rank

“interlocking directorates,” the CCP has devised simple, easily monitored criteria that favor the promotion of cadres whose sequence of past professional experiences in CCP organs reinforce its control over local governments. Despite decentralization, the Party goes on.

#### APPENDIX 5A: THE CADRE PROMOTION MODEL

The model of cadre promotion is structured as a cross-sectional time-series ordered probit, where each respondent is observed over his/her entire career as a state cadre.<sup>46</sup> The model incorporates two types of independent variables: the current institutional appointment of the respondent (measured at  $t-1$ ), as well as the current cumulative experience in the set of institutions discussed in this chapter (properly adjusted annually). In addition, a set of time-invariant dummy variables controls for county-level unobserved heterogeneity.<sup>47</sup> (See Table 5A.1 and Figure 5A.1.)

#### Accounting for Retrospective Sample Bias in the Jiangsu Elite Survey

Many research designs in comparative politics rely on random samples of a cross-section of respondents. The quality of survey data depends on the quality of the sampling design. Once it is established that respondents have been properly sampled, the information that is extracted is deemed unbiased. However, the unbiasedness of sample estimates is less clear when research designs include temporal dimensions. Panels are difficult to analyze, not only because of the problem of data loss due to attrition but also because an adequate sampling frame at the beginning of a project may be of questionable quality when it is used in subsequent “waves.” Although sophisticated studies maintain the representativeness of samples over time by incorporating substitution or rotation schemes, econometric treatments of “panel effects” remain controversial (Beck, Katz, and Tucker 1998; Greene, 1997; Vella, 1998; Vella and Verbeek, 1999).

<sup>46</sup> Obviously, variance estimates must account for the nonindependence of observations, since a given respondent is typically observed for several years.

<sup>47</sup> There are as many dummy variables as there are counties included in the JES study because some respondents have held positions in other counties/provinces.

JES is peculiar in that unlike a panel design, it relies entirely on retrospective data<sup>48</sup> collected from *current* respondents chosen randomly from a cross-section of officials who were asked to provide detailed histories of their bureaucratic career, from their entry into the cadre corps through 1996. The data were subsequently recoded and reorganized in annualized form in order to model their career paths. Not only did the respondents join the cadre corps at different points in time, but patterns of promotions to higher ranks also vary greatly.

The study is therefore structured as a cross-sectional time-series (CSTS) with unbalanced data. Yet unlike a panel study, there is no feasible preestimation mechanism to address information loss due to attrition. In retrospective designs, data disappear “naturally” as one goes back in history: Each JES respondent is unobserved before a certain year simply because he (or she) did not become a cadre until that year. However, it is clear that any cross-section of respondents observed at a fixed point in history cannot constitute a correct representation of the underlying population of officials at that time: Not only does our information pertain to respondents observed at a younger age (and most likely a lower rank), but we are also missing data about individuals who might have been included in the study had we drawn a random sample in the past, but were no longer observable by 1996.<sup>49</sup> By design, the retrospective data collected in the Jiangsu Elite Study are biased toward survivors.

Figure 5A.2 illustrates the potential severity of the problem: 46% of the respondents ( $N = 243$ ) are observed at or above the minimum bureaucratic rank of interest after 1980. This bias has important implications for our ability to make contextual comparisons. A key objective of the study is to evaluate the impact of shifting to a more decentralized appointment regime after 1983 on the promotion of local officials. Since our only source of information about the pre-1983 regime is based on data collected from those who happened to be observed in 1996, it makes little sense to compare pre- and post-1983

<sup>48</sup> Unlike true panels where respondents are interviewed several times, I define retrospective sampling as a single interview generating information that is recoded into an annualized data set.

<sup>49</sup> Data loss is due to attrition, which includes retirement, reassignment to other localities, and death.

## Frequency

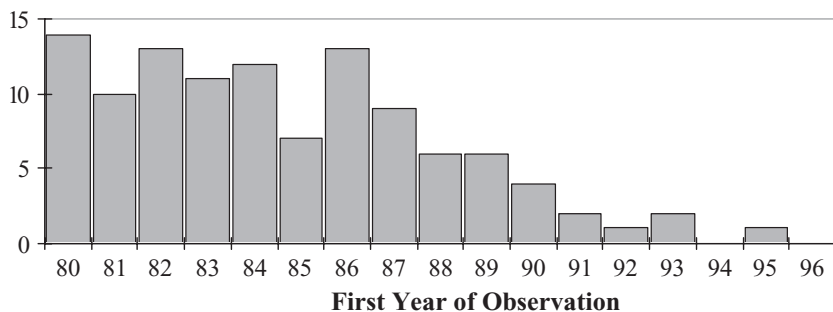


FIGURE 5A.2. First Year of Observation among Respondents Entering the Data Set after 1980. *Source:* JES database.

cohorts unless we explicitly control for biases introduced in the retrospective data. Ominously, only 63 respondents are observed under the centralized appointment regime.

***Accounting for Retrospective Bias.*** My basic argument is that relatively simple econometric methods can help researchers identify and control for retrospective bias in CSTS designs and allow for (partially) valid comparisons between subsamples observed over different periods. The approach requires to modeling the process of sample decay, that is, modeling the probability of observing a *current* respondent at  $t-k$  *had we been able to draw a random sample at the time*.

Research by J. Heckman (1979b), Robert Pindyck and Daniel Rubinfield (1981), and Christopher Achen (1986) has suggested ways to control for selection bias with cross-sectional data. Extensions to limited dependent variables and models where Heckman's original assumptions are relaxed are now available.<sup>50</sup> Generalization to retrospective samples simply requires a selection equation capable of

<sup>50</sup> For a survey of the literature on selection bias, truncation, treatment, and related models with limited dependent variables, see Maddala (1983). For a discussion of probit models with selectivity, see Van de Ven and Van Praag, 1981; Greene, 1984. Vella and Verbeek (1999) discuss a survey of selection models where various assumptions are relaxed, including extensions to panel data.

predicting time-dependent probabilities of observing the data  $P(Y_i = 1|t)$ , as opposed to  $P(Y_i = 1)$  in the cross-section case.<sup>51</sup>

Several variables are likely to explain why a local official observed in 1996 would be less likely to be observed retrospectively. Clearly, a person's current age should play a major role: Older officials in 1996 are much more likely to have held positions in the past than those who were still in the early years of their bureaucratic career. Furthermore, holding age constant, respondents with higher bureaucratic ranks in 1996 are more likely to have held positions in the past than current lower-ranking officials.<sup>52</sup>

Finally, one must also consider duration effects on the probability of observing respondents. Here, "time" captures variables omitted from the explicit model that may further account for the lower probability of observing respondents at time  $t-k$ . I propose two distinct methods to measure elapsed time. The simpler model treats it as a continuous independent variable in a probit equation. All things being equal, we expect the likelihood of observing the data to decrease retrospectively:

$$p(Y_{T-k}) = \Phi((T-k)' \alpha + X\beta) \quad (\alpha < 0, T = 96, 0 < k < 16)^{53}$$

A more flexible formulation makes no scaling assumption. Rather than treating time as a continuous variable, the model incorporates a set of  $k$  dummy variables along with other explanatory factors:<sup>54</sup>

$$P(Y|_{T-k}) = \Phi \left( \sum_0^k d_{T-k} + X\beta \right)$$

<sup>51</sup> Obviously, all standard errors must take into account the lack of independence of observations since all respondents are observed over time, that is,  $Cov(\varepsilon_{i,t}, \varepsilon_{j,t-k}) \neq 0$ , but without cross-sectional dependence  $Cov(\varepsilon_{i,t}, \varepsilon_{j,t}) = 0$ .

<sup>52</sup> This is a reasonable assumption because Chinese personnel regulations prohibit directly posting an official at a high rank without prior experience at lower levels. Initial postings vary with a person's educational experience, and some officials placed on special "cadre reserve lists" tend to be promoted in more rapid succession than their ordinary peers. However, very few high-ranking officials have no or very short bureaucratic careers.

<sup>53</sup> There are 17 periods, since the model covers the interval 1980–1996.

<sup>54</sup> With  $k$  dummy variables, the constant term is omitted. In practice, the model presented here includes  $k-1 = 15$  dummies with no constant: None of the respondents entered the data set in 1994, which precludes computing the relevant coefficient.



This method accounts for the effect of time-specific shocks on the observability of respondents. In this case, an important hypothesis pertains to the impact of the decentralization of appointment procedures after 1983. Some localities may have taken advantage of their new prerogatives by appointing new officials to key local Party and government posts. If this hypothesis is correct, the model should predict significantly lower probabilities of observing officials before 1983 than during the years immediately following personnel reforms (1984–1987).

***Selection Equations: Empirical Results.*** Both models yield comparable results (Table 5A.2). A respondent's current age strongly predicts a higher probability of being observed at the level of deputy bureau head (or above) in a given year. However, officials who ranked high in the local hierarchy in 1996 were no more likely to be observed retrospectively than their lower-ranking peers.<sup>55</sup>

Figure 5A.3 displays plots of simulated probabilities against the true proportions of the sample observed retrospectively. The simulations assume an individual at ages 40, 30, 25, and 20 in 1980, holding a post of county bureau head in 1996. Model 1 produces a good fit for younger officials. The fit is quite poor for the distant past when the official is assumed to be 40 in 1980, but this is not all that surprising: Only 15 of the 75 respondents posted at this rank in 1996 were 40 years of age in 1980. Model 2 seems to underestimate the likelihood of observing respondents in recent years, but like Model 1, overestimates it for the distant past. Estimates are very reasonable when the assumed age is closer to the actual modal age of bureau heads in the 1996 sample.

***An Alternative Specification of Cadre Promotion.*** In the body of this chapter, I discussed the merits of ordered probit estimation when we seek to model promotions to a series of higher ranks. While this is a superior specification in a single-equation model, ordered probability models with selectivity often encounter convergence difficulties at the

<sup>55</sup> Tests for robustness of the results to model specification revealed that the impact of respondents' seniority in 1996 is greater when the variable "current age" is dropped. However, the standard error is too large for the variable to be significant at the .1 level in either model.

TABLE 5A.2. *Alternative Estimates of the Retrospective Probability of Selection into the Sample*

CSTS probit estimation

Dependent variable: Respondent observed at or above the required rank from 1980 to 1996  
(1 = observed, 0 = not observed)

| Variable Name    | Variable Type<br>(c = Continuous<br>d = Dummy) | Model 1 |                       |          | Model 2 |                       |          |
|------------------|------------------------------------------------|---------|-----------------------|----------|---------|-----------------------|----------|
|                  |                                                | Coef.   | Robust Standard Error | P >  z   | Coef.   | Robust Standard Error | P >  z   |
| 1980             | d                                              | —       | —                     | —        | -0.927  | 0.199                 | 0.000    |
| 1981             | d                                              | —       | —                     | —        | -0.815  | 0.201                 | 0.000    |
| 1982             | d                                              | —       | —                     | —        | -0.819  | 0.203                 | 0.000    |
| 1983             | d                                              | —       | —                     | —        | -0.751  | 0.207                 | 0.000    |
| 1984             | d                                              | —       | —                     | —        | -0.734  | 0.218                 | 0.001    |
| 1985             | d                                              | —       | —                     | —        | -0.559  | 0.231                 | 0.016    |
| 1986             | d                                              | —       | —                     | —        | -0.714  | 0.220                 | 0.001    |
| 1987             | d                                              | —       | —                     | —        | -0.574  | 0.233                 | 0.014    |
| 1988             | d                                              | —       | —                     | —        | -0.410  | 0.247                 | 0.097    |
| 1989             | d                                              | —       | —                     | —        | -0.392  | 0.245                 | 0.110    |
| 1990             | d                                              | —       | —                     | —        | -0.154  | 0.266                 | 0.561    |
| 1991             | d                                              | —       | —                     | —        | 0.121   | 0.294                 | 0.680    |
| 1992             | d                                              | —       | —                     | —        | 0.369   | 0.401                 | 0.357    |
| 1993             | d                                              | —       | —                     | —        | 0.058   | 0.319                 | 0.856    |
| 1995             | d                                              | —       | —                     | —        | 0.237   | 0.414                 | 0.567    |
| Current year     | c                                              | 0.089   | 0.011                 | 0.000    | —       | —                     | —        |
| Current age      | c                                              | 0.039   | 0.010                 | 0.000    | 0.048   | 0.006                 | 0.000    |
| c across groups  |                                                |         |                       |          |         |                       |          |
| Rank in 1996     |                                                | 0.058   | 0.053                 | 0.277    | 0.066   | 0.053                 | 0.218    |
| Constant         |                                                | -7.784  | 0.847                 | 0.000    | —       | —                     | —        |
| Log likelihood = |                                                |         |                       | -626.887 |         |                       | -623.172 |
| N =              |                                                |         |                       | 3640     |         |                       | 3399     |
| Prob > $\chi^2$  |                                                |         |                       | 0.000    |         |                       | 0.000    |

Note: Standard errors are adjusted for nonindependence of observations within groups.

estimation phase, particularly when panel effects are accounted for. For the sake of presentational simplicity and computational convenience, my discussion of the consequences of explicitly modeling retrospective sampling bias is based on an ordinary CSTS probit.

DEPENDENT VARIABLE: CADRE PROMOTION. A promotion is defined as a positive variation of rank. Since I was able to match all respondents' positions with published tables of bureaucratic ranks, the definition of promotions is fairly unambiguous and takes the form of a dichotomous variable. However, any probabilistic statement

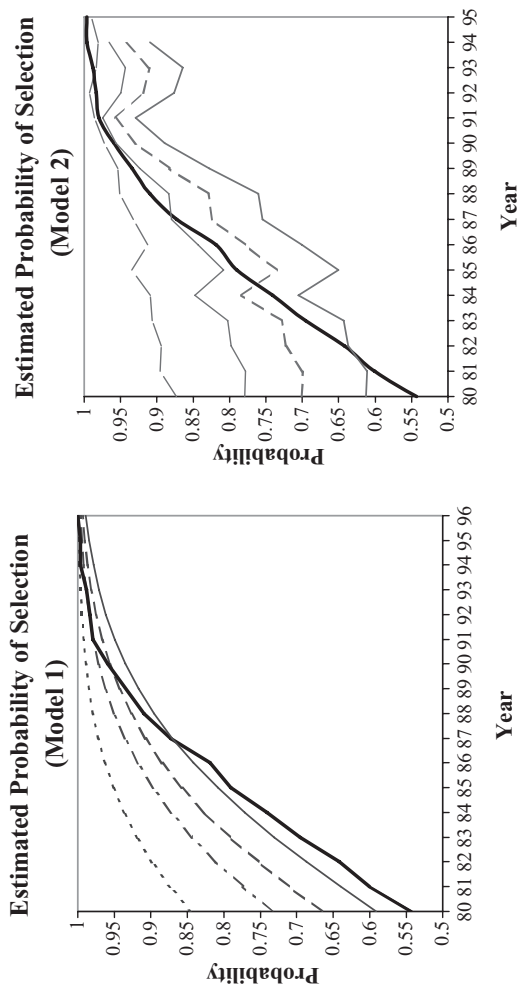


FIGURE 5A.3. Comparison between Selection Models. Curves are ordered by assumed age in 1980. From low to high curves, ages are set at 20, 25, 30, and 40, respectively. Cumulated values are updated for the following years. The thick line represents the actual proportion of observed respondents.

about promotions must be made conditional upon a respondent's current rank: In a hierarchical political system, promotions from lower ranks are quite frequent. This is not the case for promotions to the higher-ranking posts, which are rare. Rather than predicting a general probability of promotion, I estimate a conditional probability model  $P(\Delta DY|Y)$ , which is simply accomplished by inserting a set of dummy variables controlling for rank (measured in the previous year):

$$P(\Delta Y|Y_y) = F(d_1 + \cdots + d_{R-1} + X\beta)$$

where  $R$  represents the number of possible ranks.

**INDEPENDENT VARIABLES.** As was the case with the ordered probit, the independent variables include professional experience in a set of local institutions, measured as an annual cumulative value.<sup>56</sup>

- Experience in Party institutions
- Experience in mass organizations
- Seniority as a CCP member
- Experience in government institutions
- Township experience
- Military experience

In addition, the outcome equation accounts for education and Party seniority, as well as age, the variable whose impact is most likely to be affected when sample selection is explicitly modeled.

The results for the model estimated over the 1980–1995 period highlight the usefulness of specifying a selection equation when retrospective information extracted from a current cross-section is used. (See Table 5A.3.) The models also differ regarding the impact of age on promotion. Once selection is accounted for, the findings are consistent with the regime's claim that seniority alone no longer increases the likelihood of promotion, but that specific professional experience does. Such a statement cannot be made with a simple probit model, which is consistent with the hypothesis of no relationship between age and

<sup>56</sup> Refer to the main body of Chapter 5 for a detailed presentation of these variables. Since short-term effects (measured as “previous year posting”) proved largely inconclusive, they are also omitted here.

TABLE 5A.3. *Two Models of Cadre Promotion Compared: Selectivity vs. Ordinary Probit Specification*

|                                                        |         | Promotion Model<br>with Selection |       |       | Without Selection         |       |       |
|--------------------------------------------------------|---------|-----------------------------------|-------|-------|---------------------------|-------|-------|
|                                                        |         | Coef.                             | S.E.  | P > z | Coef.                     | S.E.  | P > z |
| Rank 2                                                 | d       | -0.461                            | 0.077 | 0.00  | -0.513                    | 0.070 | 0.000 |
| Rank 3                                                 | d       | -0.838                            | 0.112 | 0.00  | -0.921                    | 0.105 | 0.000 |
| Rank above                                             |         |                                   |       |       |                           |       |       |
| commission chair                                       | d       | -0.939                            | 0.105 | 0.00  | -1.003                    | 0.101 | 0.000 |
| Military experience                                    | cum     | -0.010                            | 0.005 | 0.03  | -0.012                    | 0.005 | 0.010 |
| Party institutions                                     |         |                                   |       |       |                           |       |       |
| Experience                                             | cum     | 0.020                             | 0.007 | 0.01  | 0.019                     | 0.007 | 0.009 |
| 1989-1992 dummy                                        | d       | -0.010                            | 0.009 | 0.26  | 0.000                     | 0.009 | 0.986 |
| 1993-1995 dummy                                        | d       | -0.015                            | 0.009 | 0.08  | -0.005                    | 0.009 | 0.576 |
| Seniority as Party                                     |         |                                   |       |       |                           |       |       |
| member                                                 | cum     | -0.003                            | 0.004 | 0.46  | 0.001                     | 0.004 | 0.856 |
| Government experience                                  | cum     | -0.006                            | 0.004 | 0.16  | -0.004                    | 0.004 | 0.366 |
| Mass organization                                      |         |                                   |       |       |                           |       |       |
| experience                                             | cum     | -0.007                            | 0.012 | 0.54  | -0.001                    | 0.014 | 0.938 |
| Township experience                                    | cum     | -0.003                            | 0.004 | 0.40  | -0.005                    | 0.004 | 0.226 |
| Current age                                            |         | -0.018                            | 0.009 | 0.04  | -0.002                    | 0.005 | 0.707 |
| College education                                      | d       | 0.074                             | 0.071 | 0.30  | 0.141                     | 0.063 | 0.026 |
| Constant                                               |         | 0.288                             | 0.420 | 0.49  | -0.680                    | 0.185 | 0.000 |
| Retrospective selection equation                       |         |                                   |       |       |                           |       |       |
| Current age                                            | 0.055   | 0.016                             | 0.001 | -     | -                         | -     |       |
| Rank in 1996 (1-7)                                     | 0.133   | 0.086                             | 0.121 | -     | -                         | -     |       |
| Current year                                           | 0.109   | 0.028                             | 0.000 | -     | -                         | -     |       |
| Constant                                               | -10.749 | 2.206                             | 0.000 | -     | -                         | -     |       |
| P                                                      | -0.823  |                                   |       |       |                           |       |       |
| Wald test of $\rho = 0$ :                              |         |                                   |       |       |                           |       |       |
| $\chi^2(1) = 5.150$                                    |         | $\Pr > \chi^2(1) = 0.023$         |       |       |                           |       |       |
| Standard errors corrected for clustering by respondent |         |                                   |       |       |                           |       |       |
| 268 censored observations                              |         |                                   |       |       | 3,081 observations        |       |       |
| 2,802 uncensored observations                          |         |                                   |       |       |                           |       |       |
| Full model log likelihood = -1618                      |         |                                   |       |       | Log likelihood = -1053    |       |       |
| $\Pr > \chi^2(1) = 0.000$                              |         |                                   |       |       | $\Pr > \chi^2(1) = 0.000$ |       |       |

Notes: d = dummy variable; cum = cumulative value as of year of observation.

promotions (the coefficient is very small, but statistically insignificant). It also appears that once sample selection is accounted for, the impact of education is attenuated: The coefficient, though positive, does not reach statistical significance. This weaker result than the ordered probit

findings may be due to the binary nature of the dependent variable in the outcome equation.

The impact of incorporating a selection equation is less dramatic with the other coefficients in the model. Ordinary probit tends to exaggerate the likelihood of promotion conditional upon rank, though both models clearly indicate that these conditional probabilities differ sharply across ranks. The explanation is straightforward: Bureaucratic hierarchies have many low- and midranking positions (in this case, county-level bureaus), while high-level posts are rare. Given the nature of the promotion system, most cadres who reach high-level positions in a county government have already enjoyed a long bureaucratic career and compete with a large number of officials for higher posts, which reduces the likelihood of further promotions.<sup>57</sup>

Both models confirm the importance of experience in Party institutions. Whereas seniority as a Party member is not a relevant factor, specific experience in CCP institutions enhances the odds of promotion.<sup>58</sup> The effects of prior appointments in government bureaus, in mass organizations, or at the township level are indeterminate: All estimates are very small with large standard errors.<sup>59</sup>

<sup>57</sup> Holding all other values at 0,  $P(Y|\text{rank} = 4) = \Phi(.288 - .939) = .258$ , whereas  $P(Y|\text{rank} = 1) = \Phi(.288) = .613$

<sup>58</sup> The coefficients and their standard errors are virtually identical regardless of the model used. Although the coefficient seems modest, the magnitude of the effect is large since the actual value of the variable (cumulative experience in years) frequently exceeds 20.

<sup>59</sup> This result is surprising, not because it infirms the economic importance of townships but because it highlights the lack of permeability between township and county elites. Given that this study was conducted in a province renowned for the importance of its township economy and the claims of the regime that cadres with demonstrated competence in the management of local economic development must be systematically promoted, one should expect some positive relationship between township experience and the probability of promotion. Of course, not all townships in Jiangsu have been successful, nor is any cadre posted in a township solely responsible for the socioeconomic progress of his locality. However, the impact of such experience should be greater in areas where most townships are known to be performing well above provincial average, and less so in areas where growth has been sluggish. Since two of the four counties of this study are located in a municipality at a time when the growth of the township economy has been spectacular, I created a dummy variable (1 if the respondent was posted in such counties). I also estimated separate probit estimates for each set of counties. There was no difference across regions regarding the impact of township experience. In all cases, coefficients were small and insignificant.

To sum up, the model of cadre promotion with retrospective selectivity shows that:

- Professional experience in Party institutions is conducive to faster promotions.
- Older officials are unlikely to be promoted.
- The probability of (further) promotion diminishes with rank.

Since the model includes interaction terms and variables with cumulative values updated annually and is nonlinear, its temporal dynamics are best illustrated through simulations.<sup>60</sup> Figures 5A.2 and 5A.3 compare predicted probabilities of promotion for an official age 30 in 1980, who has a college degree and the following professional experience:

- years in the military
- years in a county government
- years in a mass organization
- years at the township level
- years in Party institutions<sup>61</sup>

Ordinary probits evidently produce misleading results, particularly for bureau-level officials. Estimates increase over time because the negative effect of a cadre's current age is grossly underestimated. When sample selection is taken into account, the effects of continuous posting in Party institutions and age offset each other, yielding probability estimates that are far more stable over time.

CROSS-TEMPORAL COMPARISONS. The benefit of explicitly modeling sample selectivity with retrospective data is the greatest when the researcher seeks to compare models across time periods. Without

<sup>60</sup> Note that it makes no sense to compute the marginal effect of "current age" while holding other variables constant: by definition, county cadres are posted in the Party, a mass organization, the government, or any combination thereof and keep accumulating some professional experience as their current age increases.

<sup>61</sup> These values are consistent with observed life histories. Since concurrent posts are commonplace, it is not unusual for young officials to have such a rich professional profile. The simulations assume continuous posting in Party institutions from 1980 to 1995 for officials of various (ordered) ranks: deputy bureau chief (rank = 1), bureau chief (rank = 2), commission vice chair (rank = 3), or commission chair and above (rank 4).

such treatment, comparisons are meaningless because the data used to evaluate a phenomenon in the distant past are not representative of the population at the time. If the researcher is satisfied that the selectivity model is correctly specified, they are more meaningful.<sup>62</sup>

Table 5A.4 presents the results of the model evaluated over distinct time periods, as well as the benchmarks of ordinary probit estimates. As expected when the extent of sample selection is very small (1990–1996), the estimates of the model with selection converge with those of the ordinary probit model. Significance tests show that error terms are uncorrelated across equations. However, as the degree of selectivity increases (1980–1983 and 1984–1989), the likelihood of the joint models with selection is greater than the sum of the likelihoods of the selection and the outcome equations (computed separately). The results are strongly suggestive of selectivity effects in both models.

Comparing the coefficients across models reveals important differences over time that would not be noticeable with ordinary probit estimates. Probit coefficients for “current age” are positive, whereas the model with sample selection suggests a negative impact on the likelihood of promotion, and thus a sign that the cadre rejuvenation policy is affecting not only the recruitment but also the promotion of officials. As in the full model (1980–1996), the effect of college education is positive, but does not reach statistical significance. This is likely due to the problem that we are observing officials who are systematically better educated than the cadres that we cannot observe, which makes it hard to distinguish between the process by which educated officials are promoted and the process of generational change, which

<sup>62</sup> The selection model does nothing to alleviate the other type of bias. If the individuals who might have been observed in the past (and could not be included in the sample in 1996 because of attrition) were structurally different from the 1996 population (over variables omitted from the treatment equation), a model with selectivity remains inadequate. The importance of correctly specifying the selection equation cannot be overemphasized. I believe that this is the case here, not only because the equation is statistically robust and produces reasonable probability estimates but also because comparisons are restricted to a coherent temporal domain, the “reform era.” I do not attempt to model probabilities of selection prior to 1980 because the literature on local leadership during the Cultural Revolution (1966–1976) and its immediate aftermath (1977–1979) strongly suggests that the cadre corps was simply too different from post-1980 officials (Harding, 1981; Lee, 1991; Oi, 1989; Oksenberg, 1969, Teiwes, 1974).



TABLE 5A.4. *Comparison of Models Estimated over Distinct Intervals*

|                       | 1980-1983 |           | 1984-1989 |           | 1990-1996 |           |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                       | PS        | OP        | PS        | OP        | PS        | OP        |
| Rank 2                | d         | -0.295*** | -0.437*** | -0.306*** | -0.818*** | -0.874*** |
| Rank 3                | d         | -0.678*** | -0.982*** | -0.616*** | -1.092*** | -1.146*** |
| Rank 4                | d         | -0.691*** | -0.871*** | -0.834*** | -1.187*** | -1.180*** |
| Military experience   | cum       | -0.001    | -0.008    | -0.011**  | -0.004    | -0.006    |
| Party institutions    |           |           |           |           |           |           |
| experience            | cum       | 0.013     | 0.024     | 0.015**   | 0.007     | 0.010     |
| Seniority as Party    |           |           |           |           |           |           |
| member                | cum       | -0.014*   | -0.016    | 0.003     | -0.001    | 0.004     |
| Government experience | cum       | -0.003    | -0.003    | -0.002    | -0.006    | -0.003    |
| Mass organization     |           |           |           |           |           |           |
| experience            | cum       | 0.023     | 0.041     | -0.009    | 0.003     | -0.005    |
| Township experience   | cum       | -0.003    | -0.006    | -0.005    | 0.001     | 0.001     |
| Current age           |           | -0.010    | 0.054***  | -0.022**  | -0.017**  | -0.026*** |
| College education     | d         | 0.000     | 0.173     | 0.078     | 0.073     | 0.098     |
| Constant              |           | 0.362     | -2.732*** | 0.412     | 0.340     | 0.555     |

### Retrospective selection equation

|                                |         |       |        |       |         |       |
|--------------------------------|---------|-------|--------|-------|---------|-------|
| Current age                    | 0.064   | -     | 0.060  | -     | -0.003  | -     |
| Rank in 1996 (1-7)             | 0.143   | -     | 0.125  | -     | 0.139   | -     |
| Current year                   | 0.115   | -     | 0.087  | -     | 0.147   | -     |
| Constant                       | -11.658 | -     | -9.197 | -     | -11.830 | -     |
| $\rho$                         | -0.936  |       | -0.943 |       | -0.999  |       |
| Wald test of $\rho = 0$        |         |       |        |       |         |       |
| $\chi^2(1)$                    | 8.21    | 24.06 | 0.03   |       |         |       |
| $\Pr > \chi^2(1)$              | 0.004   | 0.000 | 0.873  |       |         |       |
| Observations                   | -       | 598   | -      | 1218  | -       | 1428  |
| Censored observations          | 337     | -     | 218    | -     | 24      | -     |
| Uncensored observations        | 590     | -     | 1,210  | -     | 1,427   | -     |
| Log likelihood (outcome eq.)   | -230    | -233  | -416   | -419  | -385    | -385  |
| Log likelihood (selection eq.) | -548    | -     | -541   | -     | -116    | -     |
| Log likelihood (full model)    | -770    | -949  | -      | -497  | -       | -     |
| $\Pr > \chi^2(1)$              | 0.000   | 0.006 | 0.000  | 0.000 | 0.000   | 0.000 |

Notes: d = dummy variable; cum = cumulative value as of year of observation. Standard errors corrected for clustering by respondent. PS: probit with selection; OP: ordinary probit.

facilitates the promotion of younger cadres who happen to be better educated than their predecessors.<sup>63</sup>

The model applied to the most recent period (1990–1996) reveals that factors conducive to cadre promotion in a decentralized environment are stunningly similar to those under centralization, with one caveat. A cadre's current rank remains by far the strongest predictor of a promotion, as was true before 1983. This suggests that efforts to shift to a personnel policy that would be more sensitive to individual experiences may not have been as successful as previously suggested. However, the policy of cadre rejuvenation seems to have born fruit: since 1984, the likelihood of promotion *decreases* with age.

<sup>63</sup> Other differences over time arise in several areas: During the period of relative centralization (1980–1983), the impact of specific professional experiences seems highly uncertain. Current rank alone explains the differences in likelihood of promotion across cadres. The only other (statistically) significant result is seniority as a Party member, which has a negative effect. This may be due to the suspicion within the Party leadership in the early years of reform that members who had joined the CCP during the Cultural Revolution were not politically reliable (Ch'i, 1991). For respondents who gained more Party experience after 1984, this negative impact disappears.

## The Impact of Village Elections on the Appointment of Party Branch Secretaries

Authoritarian regimes that allow political competition at the lowest level of local government do not do so in order to organize their own downfall but because they seek to enhance the legitimacy of the Party and, in turn, extend the duration of their regime.<sup>1</sup> For ruling parties that are threatened by corruption and entrenched local elites, the parsimonious use of the ballot box allows the incorporation of social groups previously excluded from the political system, institutionalizes elite recruitment and rejuvenation, and more generally enhances the responsiveness of the ruling Party to pent-up social demands without risking its hold on national power. The KMT's strategy on Taiwan before 1987 is one of the most successful examples of adaptability to limited and carefully controlled political competition. Even though in the end the ruling party accepted a complete democratization process, the KMT was able to hold onto power for a considerable amount of time, while at the same time holding locally competitive elections.<sup>2</sup>

<sup>1</sup> See Gregory (1982), Rondinelli and Cheema (1983), Weintraub and Baer (1992), Rimanelli (1999), Hwang (1995), Harsij (1995), Ajulu (1995), Mandaza and Sachikonye (1991), Pei (1997), Thompson (1997), Viorst (1997), Vengroff and Ndiaye (1998), Giliomee and Simkins (1999), Gilley (2003), and Schedler (2006).

<sup>2</sup> There is a substantial literature on election and politics in pre-1987 Taiwan. See in particular Nathan and Chou (1987), White and Li (1990), Chang and Tien (1996), M. Chen (1996), Dickson (1996, 1997), Tien (1996, 1997), Robinson (1999), Tien and Tsang (1999), and Rigger (1999).

Since the late 1980's, the Chinese government attempted to rejuvenate grassroots politics and reinforce the legitimacy of the CCP through a series of reforms affecting the recruitment of local leaders. Communist Party functionaries now interact with elected village governments, a configuration of local power that would seem to be at odds with the principal-agent logic that guaranteed tight Party control over government units, as we examined in the previous chapters.<sup>3</sup> When they introduced village elections, central leaders anticipated that electoral uncertainty – however mild – would reinvigorate grassroots politics (Kelliher, 1997). In theory, village committee chairmen (VCC)<sup>4</sup> – as village heads are officially called – were to be elected according to procedures giving greater play to popular participation. Greater competition for political office in the villages would yield a crop of rejuvenated, more competent, and reform-minded officials who could enhance the legitimacy of the reform agenda among China's rural population.

In the preceding chapters, my analysis was focused exclusively on cadres of the municipal and county *selectorates*, that is, officials who do not face a popular election in order to reach their position.<sup>5</sup> In this chapter, I explore the relationship between local Party organizations and village committees in the context of increasingly contested village elections. Village elections challenge the norm that officials can only be recruited with the explicit approval of the Communist Party. Before the introduction of the draft Organic Law on village self-government in 1987, village officials who were not (and still are not) state cadres were nonetheless basically selected by the village CCP organizations according to rules and preferences of the township (and before 1982, the

<sup>3</sup> In this chapter, “village” refers to the Chinese term *cun*, the lowest form of local organization in the Chinese political system. Villages do not technically constitute a formal level of local administration. Instead, they fall under the jurisdiction of either a *xiang* or a *zhen*. English-language sources frequently refer to *xiang* and *zhen* as “township and village,” an unfortunate translation, as in “township and village enterprises” (*xianzhen qiye*). A *zhen* is in fact a rural town, whereas *xiang* are noticeably less “urban” units, namely townships. To reduce confusion, I sometimes use the pinyin term. When I do not, the use of “township” implies either *xiang* or *zhen*, since both oversee villages.

<sup>4</sup> *Cunweihui zhuren*, in Chinese.

<sup>5</sup> As discussed previously, high-ranking provincial, municipal, county, and township cadres are formally elected by the local people's congress, but as the results of Chapter 3 demonstrate, the substantive impact of LPCs on the overwhelming majority of personnel decisions is still very limited.

commune); rural officials were called *cadres*. The distinction between state and nonstate cadres stemmed not so much from recruitment procedures but from their attributions and the way in which they were remunerated (Oi, 1986).<sup>6</sup>

The post-1987 situation put local CCP organs in an odd position vis-à-vis the villages. On the one hand, village Party committees – and the township Party committees that supervise them – were not legally required to alter their recruitment practices, since the election law applied only to the villager's committee (*cunweihui*), not to Party officials. The sponsors of village elections argued that they would benefit the Party by revealing worthy rural leaders who enjoy popular support, which they regarded as a critical condition for successful policy implementation in rural China and for securing the legitimacy of the regime among farmers. On the other hand, elections threaten the authority of local Party cadres because they introduce a competing source of legitimacy within villages and highlight the possible conflict between two committees: the elected village committee (and its chairman) versus the unelected Party branch, headed by the village Party secretary (*cun zhishu*).

Much has been written about the implementation of village elections in China and their possible impact on China's democratization.<sup>7</sup> Empirical studies have also shown that resources vary considerably across villages, which affects both the power of the village officials (Oi and Rozelle, 2000) and the ability of village governments to provide public services (Tsai, 2002). My concern in this chapter is not with the (s)election of village chairmen per se, but instead with the consequences for local Party organizations of having to interact with a village committee that is institutionally distinct from the Party branch. Given this institutional configuration, it is important to assess whether the CCP is indeed able to recruit its leading cadres from within this

<sup>6</sup> State cadres draw their salaries on a formal budget, based on standardized wage and subsidy scales, whereas nonstate cadres (especially village cadres) are remunerated unevenly across localities.

<sup>7</sup> See, among others, Liu (2000), Pastor and Tan (2000), Howell (2000), Oi and Rozelle (2000), O'Brien (2001), U.S. Congressional-Executive Commission on China (2002), Zhong and Chen (2002), Li Lianjiang (2003), Liu and Zhan (2004), and Q. S. Tan (2004), as well as the Carter Center's annual election monitoring reports (1997, 1998, 1999).

pool of elected village leaders or whether the Party is altering its promotion mechanism in response to the introduction of more competitive elections.

Since village-level data are now available for some localities, we can begin to assess the extent to which incumbent VCCs are being co-opted as Party branch secretaries (PBS), and the impact of increasingly open and competitive elections on the Communist Party's propensity to maintain this promotion mechanism for village chairmen.<sup>8</sup> I test the hypothesis that the CCP is adapting to the limited uncertainty of village elections by limiting the promotion of village chairmen as branch secretaries. I do so by contrasting two time periods: the era of highly restrictive elections governed by the 1987 draft Organic Law on village elections, and the contemporary period in which candidate nominations are more open and more candidates than contested seats are required.

#### PARTY-VILLAGE RELATIONS, POST-ELECTION REFORM

The Party's shifting goals in administrative and political management have eroded the utility of maintaining powerful institutions at the village level. The initial stages of rural reforms proved highly detrimental to the organizational integrity of the CCP. Not only did decollectivization reduce the influence of village cadres on farmer's economic activities, but the mass-mobilization functions of the CCP, which had enhanced its visibility under Maoism, were also scaled back considerably. Not surprisingly, many Party reports frankly acknowledged the decay of CCP institutions in rural areas.

In the first decade of reforms, the CCP's organizational policy was somewhat narrowly focused on state cadres. The Party channeled its organizational abilities into improving the recruitment and control

<sup>8</sup> The specifics of local Party organizations vary according to the number of Party members in the area. Basic-level committees (*dang de jiceng weiyuanhui*) are formed when membership exceeds a hundred, for a period of three to four years. General Party branch committees (*dangde zongzhibu weiyuanhui*) are formed when membership varies from fifty to a hundred, for a period of two years. If there are at least three Party members (excluding candidate members) but fewer than fifty, ordinary Party branches (*dangde zhibu weiyuanhui*) are set up. The term of branch committees is two to five years. For further details, see Yang Guifang, (1993: 95-125).

of technical and managerial officials at or above the township level, which was consistently portrayed as critical to the process of rural industrialization (Finance Department of Jiangsu Province, 1986; Pei, 1993; Wang Xialin, 1993). The emphasis on rural industrialization allowed townships to formulate and implement autonomous development strategies that relied on the powerful combination of local state power and market incentives (Ho, 1994; Oi, 1996, 1999; Walder, 1995a, 1995b; Wong, 1997; Zweig, 1992).

In the early stages of rural industrialization, county Party organizations had comparatively fewer incentives to nurture village-level managerial elites. As Walder's study of Zouping county demonstrates, local officials tended to mobilize county and township resources to foster a small number of important firms for the local economy, to the detriment of smaller firms like village-level enterprises (Walder, 1998: 78 ff). Even in provinces known for their rapid economic development, villages proved less efficient than townships at pooling local resources, creating dynamic enterprises, or eliciting the cooperation and support of higher-level officials. Annual local reports on Party activities typically emphasized issues of recruitment, training, promotion, and retirement of township and county officials, but paid only lip service to grassroots affairs.

The relative informality of post-decollectivization institutions in China's villages reinforced this phenomenon. The decline of Party institutions was further worsened by the weak position of villages in China's administrative hierarchy. Formally, the Chinese state only extends to townships – whose top leaders are classified as state cadres and draw their salary on government budgets – whereas village cadres are not remunerated according to uniform rules. Party branch secretaries and village committee officials typically maintain their nonadministrative jobs, though compensation for their administrative duties is permitted. Overall, Party (and government) structures below the township level are much decentralized, which limits the control of formal bureaucracies on village activities. (See Figure 6.1.)

### **Impetus for Village Reform**

The center renewed its focus on grassroots reforms in an effort to overcome years of neglect of village-level institutions. In poorer areas, the



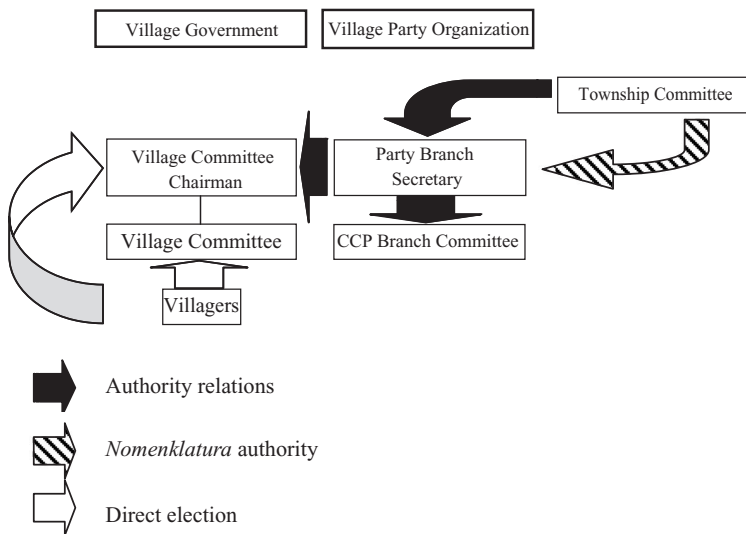


FIGURE 6.1. Simplified Power Structure of Village Committees and Party Branch Committees

central government acknowledged that as many as half of the villages were effectively “paralyzed” (Zweig, 1997: 344; Tang Pusu, 1989). Furthermore, rural growth slowed considerably after 1985. After the one-time efficiency gains of shifting to the household-contract responsibility system and decollectivization, per capita rural incomes lagged behind urban incomes. As a result, support for state policies in rural areas eroded considerably (O’Brien and Li, 1999). Numerous instances of peasant unrest against local cadres’ constant demands for fees and land requisitions, along with the general decline in the quality of social services, threatened the ability of the CCP to maintain at least the passive acquiescence of China’s rural population to a reform program that continued to benefit urban areas disproportionately (Chen, 1999: 110–111; Bernstein and Lü, 2003; Gilboy and Heginbotham, 2004).

The decision to introduce village elections reflected an unusual implicit alliance between national-level Party leaders, who were concerned with the sustainability of CCP rule in the long run, and rural citizens, who lacked meaningful channels for political participation, at the expense of the incumbent corps of village cadres. Central leaders hoped that more competitive elections would improve both the selection and the responsiveness of officials. By better aligning the

interests of village leaders with those of the voters they are supposed to represent, elections would impose meaningful institutional restraints on unruly local officials, thus resolving one of the key issues fueling China's rural crisis (O'Brien, 1994; Manion, 1996: 745; Oi, 1996; Kelliher, 1997; Chen, 1999: 121; Tianjian Shi, 1999; Oi and Rozelle, 2000). In 1998, Minister of Civil Affairs Doje Cering boasted that "the majority, if not all, of corruption issues will be solved by establishing grassroots democracy in rural areas" (Xinhua, 1998a).

Officially, village committees gained significant authority over economic and financial affairs, which would presumably reduce the capacity of Party officials to extract illegal taxes while improving the overall supervision of village finances (Xinhua, 1995, 1997a, 1997b, 1997c, 1998d). The scope of the village responsibilities was further clarified in 1998 in a joint circular of the State Council and the Central Committee, stating that "all major issues of public concerns and any practical problems that will have an impact on the farmers' personal interests must be made public to the villagers instead of being decided or resolved secretly" (Xinhua, 1998b).<sup>9</sup>

The implications of village committee (VC) reforms for the selection of local leaders are vast. By formally separating economic responsibilities (given to the village committee) from ultimate political power in the village (given to the Party branch), the regime opened the door to the emergence of two distinct elites in rural China. Truly competitive elections held in areas fraught with conflict over taxation policy have the potential to institutionalize confrontation among village leaders who are selected by disgruntled peasants eager to challenge the incumbent Party elite's management of local affairs.<sup>10</sup> Ironically, grassroots democracy could produce a *more* antagonistic rural polity by pitting VC leaders against Party elites.<sup>11</sup>

<sup>9</sup> According to the same report, the issues include new economic projects, village assets, income and expenditures, land leases and house-building permits, birth control, and the distribution of relief funds and materials, as well as salaries, bonuses, and performance records of village officials.

<sup>10</sup> The peasant rebellion in Renshou county, Sichuan province, illustrated the extent of peasant-Party antagonism and noninstitutionalized peasant activism. See Lena H. Sun, "China Bracing for Trouble Down on Farm," *International Herald Tribune*, April 29, 1994; and Japan Economic Newswire, "Paper Reports Major Peasant Uprising in China's Sichuan," (day n.a.) 1993.

<sup>11</sup> The Carter Center report on local conflicts where village leaders remain unelected is quite instructive. In Nanzhang village (near Xi'an), the village government chairman

### The Degree of Party Control of Village Elections, 1982–1998

In practice, the introduction of limited elections for village committees in the 1980s did not alter the fundamental principle of Party control over local affairs. The Party branch remained – both theoretically and practically – the most powerful political body in the villages. Observers of rural politics in Jiangsu concur that until the province was forced to proceed with direct elections in all rural areas and thus comply with the 1998 Organic Law on village self-government, the selection of village cadres was largely by direct appointment, based on the needs and interests of their respective township governments. Presumably, townships took the specific conditions in the villages into account before making these appointments in order to avoid overt resistance among villagers, but the interests of village leaders were clearly aligned with those of township governments, not their villages (Wang and Dong, 2004: 21). Elections were formally held. Indeed, the Suzhou municipal government introduced village elections in the counties of Taicang and Kunshan as early as 1982 (Zhong and Chen, 2002: 690), but these were tightly controlled affairs involving administrative village cadres, team (natural village) leaders, and Party members, not the general village population.

Jiangsu provincial regulations went beyond the letter of the 1987 Organic Law draft to enshrine the role of village Party branches in the election process. The “Regulations on the work of Village Committee Elections” issued in 1992 by the standing committee of the provincial people’s congress, stated explicitly that village CCP organizations could nominate candidates to the post of VCC, deputy chairman, or ordinary committee member. They could do so either independently or in conjunction with others (Article 4).<sup>12</sup> Other organizations shared the

was appointed in 1986, a year before the promulgation of the Organic Law on Villagers’ Committees. Chen Yuping – who served concurrently as branch CCP secretary – allegedly embezzled public funds, never disclosed the village budget, or allowed village elections. In this case, the local population sought (without much success) to compel the organization of an election and replace Chen. Although the report does not discuss the matter, one can speculate that the reason behind the authorities’ slow response is the sensitivity of investigating village officials who are also Party cadres. Typically, judicial organs can investigate CCP officials only after the approval of the local CCP Discipline Inspection Commission. See Carter Center (1999).

<sup>12</sup> The “Regulations Regarding the Work in Elections of Village Committees by the Standing Committee of Jiangsu’s Provincial People’s Congress” were passed on October 27, 1992.

right to nominate, including natural villages, village-run enterprises, and groups comprising at least ten ordinary villagers, but the regulations were crafted in a way that ensured that even in villages where there might be fewer than ten Party members, the CCP maintained its formal authority to nominate candidates. These rules remained in place until 2001. The preservation of CCP control was accomplished by granting extensive control to local branches over the process of nominating VC candidates, by Party oversight of election commissions, and by allowing Party officials to compete for VC posts.

Undesirable election outcomes were highly unlikely because local Party organizations could easily exclude candidates from the political competition, particularly those who did not meet official standards for cadre recruitment, including political reliability (Zhong and Chen, 2002). Furthermore, Jiangsu elections were conducted until 1998 under the so-called equal-sum (*deng'e*) system, meaning that the number of official candidates was equal to the number of seats: one for village chair; one for deputy chair, and one to three candidates for an ordinary seat on the committee. Voters who opposed the candidates could write in other names, but restrictions on campaigning – and the difficulty of coordinating opponents' votes in favor of a single unofficial candidate – meant that the government insiders almost always won and that the opposing votes were too scattered to amount to a meaningful challenge. For instance, in Xitang – a remote village in northern Jiangsu – the sole candidate for village chairman received only 65.5% of the valid votes and received fewer votes than other winners to other village posts (Wang and Dong, 2004: 90).

The role of village Party branches also loomed large during the election itself. Foreign observers of a village election near Dalian (Liaoning province) noted that the chairman of the election commission was also the deputy branch secretary and they monitored an election where “the incumbent chairman, who was running for reelection after completing one term, was also the Party secretary in the village” (Carter Center, 1998: “Observations – Jilin and Liaoning Provinces”), a practice that is also widespread in Jiangsu (Zhong and Chen, 2002).

This prolonged period of tightly controlled elections has greatly influenced both the behavior of rural officials and popular attitudes toward the election process. Village politics was a top-down affair, where the number-one leader (*yi ba shou*) was clearly the Party secretary, not the village committee chairman. The appointment of village

CCP secretaries requires the approval of the township Party committee.<sup>13</sup> If village officials are to be selected for higher office in the Party, they must also meet the basic criteria for cadre recruitment specified in organization and personnel regulations (Yang, 1993: 126–127). Even in areas where the Party branches formally elected the secretary, the township Party committee controlled both the process and the outcome of his election. The secretary was accountable to the higher level, not the population or even members of his own Party branch (Wang and Dong, 2004: 23).

The survey by Yang Zhong and Jie Chen, conducted in 2000 in twelve counties of Southern Jiangsu, has shown convincingly that until then, elections were not competitive and that voter turnout was low. In areas where ordinary voters were asked to participate, they could only cross out names from a fixed list of candidates chosen by the township and the incumbent village leadership (especially the Party secretary). Furthermore, the number of candidates was equal to the number of positions available.<sup>14</sup> Voters were predictably unimpressed: The authors – using the strict benchmark of physically walking to the voting booth to cast one's ballot – report that turnout was below 50%. Official reports of turnout rates well over 90% are misleading, because proxy voting and the practice of sending officials to the residents' doorstep with a "mobile ballot box" was conducive to ballot stuffing and outright fraud (Zhong and Chen, 2002).

The institutional design of controlled village elections reconciled the seemingly contradictory principle of Party primacy with the need for increased popular representation. As David Zweig (1997: 122) emphasized, the central leadership remains committed to the principle that local Party secretaries and local Party branches must be in command of

<sup>13</sup> In theory, basic-level CCP committees – including secretaries and deputy secretaries – are elected by the (local) congress of Party members (*dangyuan dahui*). Holding the congress in the first instance is subject to the approval of the higher Party organization. The election of Party secretaries and deputies must be explicitly approved (*pizhun*) by the higher organization, whereas the choice of other members of the committee is merely reported upward "for information" (*bei'an*). In that case, approval is implicit. If the organization does not raise objections to the appointment within a specified period of time, the election is considered valid. See Yang Guifang, (1993:129 ff).

<sup>14</sup> This is known in Chinese as *deng'e xuanju*, as opposed to a competitive election where the number of candidates exceeds the number of positions to be filled by at least one (*cha'e xuanju*).

village politics, and the Party was not to be stripped of its responsibilities for the management of political affairs. As Shu-min Huang puts it, “the Party Branch Committee is the advocate of Communist ideology and supervises village administration to ensure that party policy is executed properly,” while “the Village Committee is the administrative unit that carries out day to day management of public affairs” (Huang and Odend’hal, 1998: 103).

### **Co-optation and Promotion of Village Committee Chairmen**

Despite their questionable democratic quality, early village elections in Jiangsu served a useful purpose for the Party and the bureaucracy: They allowed for the gradual grooming of Party members for higher leadership posts. If successful, a village chairman – who is almost always the deputy secretary of the Party branch – could expect to be appointed Party secretary in the future, as is typically the case at the county level.<sup>15</sup>

This promotion mechanism was very similar to the system that was discussed in previous chapters on mayors and county officials. Here, the higher level (the township) effectively appoints the leadership in villages under their jurisdiction. The logic of Party control over village administration suggests that Party committees have the opportunity to groom future secretaries, while the political hegemony of the Party implies that ambitious village chairmen who seek even higher office should focus on reaching the more desirable post of Party secretary.

Such a grooming strategy was applied very effectively in the 1990s in Xitang, a village where local leaders lost much authority over the farmers after decollectivization.<sup>16</sup> In this remote village of Northern Jiangsu, “the sky was high and the emperor far away.” Many villagers simply refused to turn in the annual grain quota that was owed to the government. The village was “paralyzed,” in the sense that it failed to enforce core state policies and was headed by a weak Party secretary.

<sup>15</sup> This process is facilitated by joint appointments in the formal bureaucracies of the Party and the government. Tianjian Shi’s analysis (op. cit.) suggests that such grooming strategies may not apply as strongly at the village level as a large number of new village heads seems to have displaced the incumbent “Party” elite.

<sup>16</sup> The following account is based on the detailed narrative by Wang and Dong (2004: 78–108).

In the summer of 1992, the township appointed Tang Chungeng, a 31-year-old team (natural village) leader to the post of deputy village secretary. Tang – a high school graduate who had worked on the farm ever since – had a brisk work style and gained the trust of the township leadership by forcing villagers to turn in their grain quota. His confrontational style often included beating up recalcitrant farmers. Needless to say, he was not popular, but the township respected his can-do approach to village governance. When the village held its third round of elections in the winter of 1993, Tang became the official candidate for the job of village committee chairman over the objections of many villagers. Restless “troublemakers” (*dingzi hu*) challenged the official lineup on the scheduled election day, forcing the township government to postpone the vote by a month. The election was held on December 26, 1993; Tang won, albeit by only 553 votes out of 996 valid ballots, including the much-contested ballots from the moving boxes that were suspiciously tilted in favor of the winner. As village chairman, Tang applied his controversial methods with renewed vigor. He was not shy about spending village funds on wining and dining, but his superiors supported the leader who – from their point of view – had turned the village around. Having revealed his loyalty to the township, he was rewarded with the job of village branch secretary in 1996 (Wang and Dong, 2004: 78–108).

*Institutional Change and Electoral Competition since 1998.* The nature of Party–village relations changed after 1998, when the new Organic Law on Villagers’ Committees superseded the 1987 draft law on which provincial election regulations were based.<sup>17</sup> The initial draft issued by the State Council was remarkable for the lack of any reference to the Chinese Communist Party, which seemed to imply that village committees would be competing against the Party branch for the ultimate authority in the villages (State Council of the PRC, [1998] 2001). After much debate, Article 3 of the final law reaffirmed the primacy of the CCP and at the same time mandated local CCP support for the elections:

*Article 3.* The rural grass-roots units of the Chinese Communist Party (CCP) shall abide by the CCP Charter in its work and play a core role in leadership.

<sup>17</sup> For a full English translation, see National People’s Congress ([1998] 2001).

They shall, in accordance with the Constitution and other laws, support and guarantee villagers the right to carry out self-governing activities and directly exercise their democratic rights. (National People's Congress, [1998] 2001)

The most important provision in the law concerns the competitiveness of elections. Article 14 not only specifies that “Villagers . . . shall directly nominate candidates for the Villager Committee” but also requires that “there shall be more candidates than positions to be filled.” Previously, the practice in Jiangsu and many other provinces had been to hold elections with exactly one candidate per seat; the 1998 law implied that local Party organizations faced the risk that their preferred candidate could lose the election.

The story of Xitang illustrates the conundrum of local Party bosses when more open nominations and competitive elections were mandated.<sup>18</sup> The fifth round of elections took place in January 1999, less than two months after the Organic Law was promulgated. Even though the old provincial regulations were still on the books, in the spirit of the national law Xitang voters were allowed to nominate candidates directly. In preparation for the upcoming elections, the township mandated a review of the village's finances. It revealed irregularities on such a scale that the township discipline inspection secretary barred the public release of the report, for fear of “big problems.” Nevertheless, opponents of Secretary Tang managed to obtain a copy, which caused a major uproar in Xitang, less than four months ahead of the fifth village election. Nevertheless, the township committee directly reappointed Tang Chungen as branch secretary, because he stood no chance of winning a vote among Xitang Party members.

A week before the election, the township authorities laid down the rules for candidate selection: Nominees had to be village residents; they had to have the trust of the villagers; they had to be knowledgeable about laws and government policies; have a certain level of education (*you yiding de wenhua*), and be able to carry out the work effectively. Based on these criteria, the township and Tang Chungen worked on having their favorite – Huang Fengshun – elected as village committee chairman. Huang was fifty years old at the time, had accumulated twenty years of experience as a rural cadre, and enjoyed good rapport with Secretary Tang.

<sup>18</sup> This section draws on the narrative by Wang and Dong (2004: 90–101).



The villagers had other ideas, and the “empowering effect” of elections that Li Lianjiang has documented (Li, 2003) was also evident in Xitang. Televised government propaganda on voter’s rights and election procedures helped fuel the activism of villagers who were upset by the financial scandal. This resulted in a list of eight write-in nominees in the preliminary round. Gao – the township’s favorite – lost to the villager’s favorite – Tang Zhihui, a thirty-eight-year-old demobilized soldier with lower-middle school education who became team leader (*xiaozu zhang*) upon his return to the village. He was born of a poor family and was known in the village for being a “clean” cadre.

Township officials used various pretexts to pressure Tang Zhihui to withdraw from the election: He was in bad health, but he was no longer ill; he had broken family planning rules, but so did other candidates who were acceptable to the township. When 800 villagers assembled for the final round of voting on January 8, township officials called off the election, not knowing whether they should allow the vote to reflect the villager’s wishes or actually veto Tang’s candidacy. Open nominations also led to similar standoffs in four other villages in the township, where the authorities also postponed the elections and appointed incumbents as “interim leaders.” In Xitang, Gao Yaxiang – the township’s favorite who had done well in the preliminary vote for ordinary committee members – was appointed interim committee chairman.

Soon after the failed election, Tang Zhihui had a fight with the branch secretary, who apparently provoked him. The township issued an order to arrest him, but not until after the spring of 2000. With an arrest pending, Tang Zhihui was in no position to run for office effectively. In the spring of 2000, the formal election was held after a one-year hiatus. The township very much hoped that the interim VC – who worked reasonably well with the secretary – would win this time. Rather than holding the election in a single location where coordination among villagers was easy, the branch secretary decided to hold separate votes in each natural village, where the votes would be counted on the spot. The results, however, would be tallied at the village headquarters. This strategy paid off: When the votes were counted, Gao Yaxiang had won the VC post with 515 votes. The insider’s candidate had won.

*The Implications of Mild Electoral Competition.* Enough time has elapsed since the introduction of the mandate for competitive elections

in 1998 to allow for testing the impact of these institutional changes on local Party organizations. These reforms have several observable implications for the Party. Adam Przeworski's (1986: 57–61) famous remark that democracy is about the “institutionalization of uncertainty” also applies here: Even though competition is limited, Chinese village elections have introduced a degree of uncertainty in local politics. This suggests that the CCP has fewer incentives to use the villager's committees as a training ground for the CCP members who may ultimately head the Party branch. It is conceivable that voters would elect non-Party members to the village committees. Worse, they might even defeat the local branch's preferred choice for VC chairman at the polls. For a rising Party member to fail to win an electoral mandate, a setback at the polls may well mark the end of his political career. At the very least, it would severely damage his credibility within the Party branch.

The story of Xitang illustrates why the village chairmanship is no longer an easy training ground for future secretaries, even though the Party got its way after a protracted struggle with the villagers. In Xitang, the promotion process no longer consists of a smooth sequence of events where up-and-coming Party members are ushered into an election with the full support of the Party branch, win with quasi certainty, and – if they perform reasonably well as VC – are eligible for the post of branch secretary when the position becomes available.

The possibility of electoral losses does not imply that the Party loses frequently: Limited competition can only breed limited uncertainty. In his analysis of a survey of forty villages in Jilin province, Tong Zhihui found that three-quarters of the village chairmen are elected with more than 69% of the votes (Tong, 2005: 228). Nor should one be naive about the ability of the local Party branch to manipulate elections, even if they are superficially competitive (O'Brien and Li, 2000). The evidence suggests that ordinary farmers have greeted direct elections with a healthy dose of cynicism. In 2003, the deputy head of Gaoyou's Bureau of Civil Affairs lamented that all too often, “after an era of direct appointments of village and enterprise cadres, villagers do not believe that in this new process of direct elections, the Party and the government really don't have an insider's candidate” (Huang Anliang, 2003).

### Party Penetration of Village Committees

The cumulative research reveals little consensus over the degree of overlap between Party and village committees. Shi suggests an increasing differentiation between the CCP and VCs, as voters remove a large proportion of incumbents, “most of [whom] were grassroots members of the CCP.” He reports that 30% of incumbents were ousted in the 1995 elections in Shandong, 40% in Jilin, and as many as 70% in an undisclosed Eastern Province (Shi, 1999: 386, incl. n.5).

On the other hand, Chen Weixing found that “[at] the village level, the deputy Party secretary of the village Party organization is very often the Chair of the VC. The VC is, in fact, a tool of the CCP in exercising its leadership within the village” (Chen, 1999: 123). Similarly, Huang and Stewart Odend’hal’s analysis of Fengjia village showed that about half the members of the VC overlap with those of the Party branch committee (1998: 105). Beyond overlapping membership, the case of Fengjia also demonstrates that the local secretaries groom VC cadres as successors for key Party posts. Despite the requirement of open elections, Secretary Feng effectively played a “pivotal role in . . . orchestrating the election” and handpicked the VCC as his successor (*ibid.*). The lack of systematic village election data makes it difficult to adjudicate between these conflicting views. However, statistics on the share of CCP members elected to village committees aggregated by province suggest staggering regional variations, from Tibet’s low share of 30% to Shanghai’s record of 77%, in contrast to a national average of 46% (Figure 6.2). So far, rural Party members in Jiangsu have fared very well: The province ranks fourth for its high percentage of CCP members elected to village committees (64%).

Jiangsu has recently experimented with a voting system that has the potential to reduce the influence of the Communist Party in the long run. In 2003, the wealthy county-level city of Taicang at the periphery of Shanghai held elections in 206 villages according to the system of a “single-shot no predetermined candidates direct ballot,”<sup>19</sup> which “succeeded” in 199 cases (Jiangsu Yearbook Editorial Committee, 2005: 381). Under this system, an election is declared unsuccessful if the candidates fail to win an absolute majority of votes or if turnout falls

<sup>19</sup> In Chinese: “*bu queding houxuanren yicixing zhijie toupiao xuanju.*”

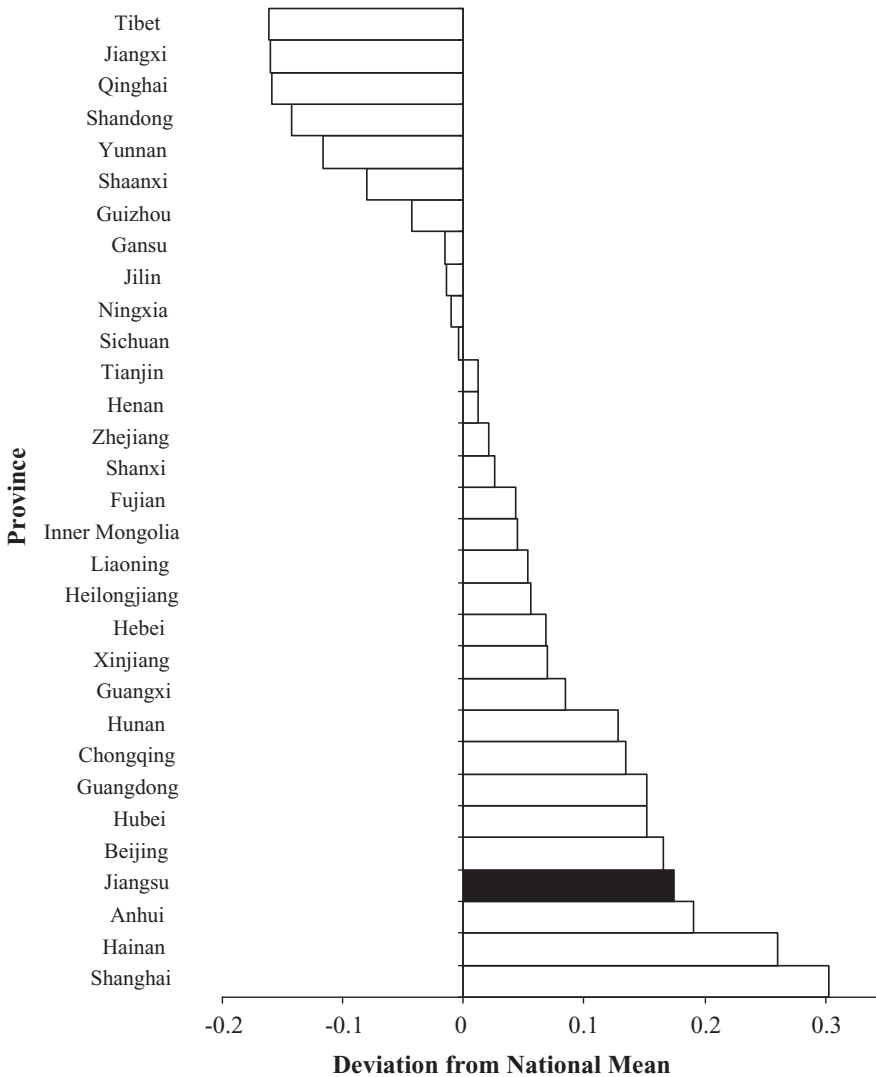


FIGURE 6.2. Share of CCP Members Elected to Village Committees (2003). Units are numbers of standard deviations away from the national mean, set at zero. The nonstandardized mean was 46%. *Source:* Ministry of Civil Affairs of the PRC, *Statistical Yearbook of Chinese Civil Affairs* (2004).

below 50%, and a second round is organized. Second-round candidates are selected from the top vote getters in the first round. In order to win, only a simple majority is needed, though one must receive at least one-third of the votes.<sup>20</sup>

During the 2004 round of elections province-wide, Jiangsu extended Taicang's single-shot method to 1,192 localities, which amounts to only 6.8% of all villages in the province. Among those, a single round was sufficient in 96.1% of the cases. Direct single-shot elections were seen as a success because they "simplify the election process, reduce the cost of elections, and increase the efficiency of election work" (Xinyou Wang, 2005).

The CCP's electoral success in the villages also seems tied, to some extent, to the economic fortunes of rural areas. At this point, the Ministry of Civil Affairs has only released data at the provincial level, which is somewhat misleading given the extent of intraprovincial disparities. Yet even at this high level of aggregation, the impact of rural income is compelling: As rural income levels rise from the lowest to the highest values in the sample, the share of CCP members is expected to increase by twenty percentage points (Figure 6.3).

Nevertheless, if elections have truly become more competitive than they were in the 1990s, the promotion mechanism should be weaker: We should not expect the Party to promote elected officials at the same rate because a certain proportion of chairmen are not favored by the local branch or the township committee. Thus, the institutional change after 1998 should result in lower odds of promotion among VC chairmen.

A second clear observable implication of the impact of electoral competition is that the promotion mechanism should be strong in neighborhood committees and weak in ordinary villages. With few exceptions, competitive elections have not been allowed in urban areas. In fact, the issue was so sensitive that the initial draft law that was under consideration by the National People's Congress in 1989 was withdrawn after the Tiananmen incident (Horsley, 2001). Instead, the

<sup>20</sup> Taicang was also designated as an experimental area for holding direct elections for the new "community neighborhood committees" (*shequ jumin weiyuanhui*) that are gradually replacing traditional neighborhood committees (Suzhou Yearbook Editorial Committee, 2005: 390).

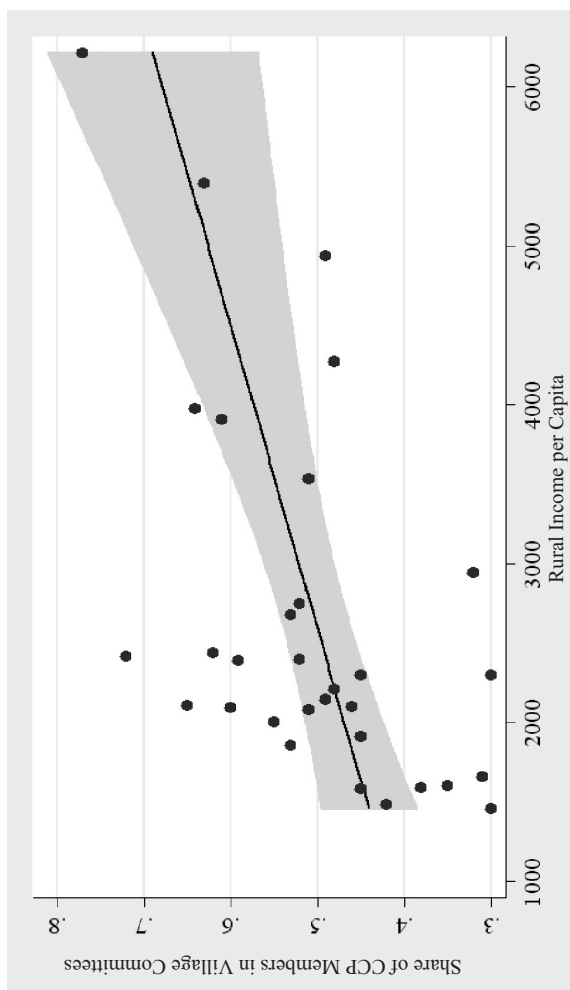


FIGURE 6.3. Relationship between Rural Income in 2002 and the Proportion of CCP Members on Village Committees in 2003, by Province. *Source:* Ministry of Civil Affairs of the PRC, *Statistical Yearbook of Chinese Civil Affairs* (2004); National Bureau of Statistics, *China Statistical Yearbook* (2003).

tamer “Organic Law on Urban Neighborhoods” that was passed in December 1989 does not even require a vote by all citizens. The neighborhood assembly (*jumin huiyi*) can be composed of representatives of each registered household who, in turn, elect the neighborhood committee. Nor does the law mandate that the number of candidates should exceed the number of seats (National People’s Congress, 1989).

The institutional contrast between villages and neighborhood committees not only differentiates countryside from cities but has also become much sharper within medium-size counties undergoing urbanization. In coastal provinces, including Jiangsu, a large number of villages have been transformed into neighborhood committees. One of the by-products of this change is the shift toward uncompetitive elections in most neighborhoods. The only exceptions since 2002 are the twenty-six experimental regions where election procedures mirror those for village elections.<sup>21</sup>

#### TESTING THE IMPACT OF INSTITUTIONAL CHANGE ON THE PROMOTION OF VILLAGE LEADERS

In order to test the impact of institutional change, we should ideally use a national representative sample of Chinese villages and neighborhoods and collect information about their leadership structure over time, before and after the occurrence of competitive elections. Unfortunately, despite vast improvements in the quality of local-level statistics in the PRC, hypothesis testing and theoretical generalizations based on a representative data set of Chinese villages are still beyond reach. Reports on local economic performance, lists of Party and government leaders, and key policy documents are commonplace at or above the county level, but detailed data on village leadership remains unsystematic. Only a handful of counties include statistical indicators of village

<sup>21</sup> A few local governments – such as Hangzhou (in 1999) and Beijing (in 2002) – have begun to hold competitive elections (*cha’e*) in neighborhood elections. See Hangzhou People’s Congress (1998) and Xinhua (2002). China’s 2005 white paper on democracy (Chapter 6) suggests that based on the ongoing experiment in twenty-six municipalities, competitive elections on reformed “neighborhood communities” are likely to be generalized in the future. However, in the overwhelming majority of current neighborhoods, the old-fashioned noncompetitive system remains in place (State Council of the PRC, 2005).

performance in their yearbooks, let alone complete lists of CCP or VC officials.

I rely instead on a complete dataset of village leadership and village performance in a single area – Gaoyou – a county-level city under the jurisdiction of the Yangzhou municipal government, in North-Central Jiangsu.<sup>22</sup> Although I did not select Gaoyou at random, there is no reason to believe a priori that the area is so unusual that the analysis would lead to biased results. In his fieldwork in the same county where he interviewed village leaders in the late 1980s, Scott Rozelle noted that the site “is representative of regional economies in China that have experienced fast growth (especially in the early stages of reform), but which still rely heavily on agricultural activities” (Rozelle, 1994: 104). Yet in relation to other counties in Jiangsu, Gaoyou remains relatively poor. The county’s limited infrastructure has severely hindered its industrialization. Until the end of the Qing dynasty, the county was able to capitalize on its location on the Grand Canal, but its importance as a transportation hub diminished rapidly with the transformation of Southern Jiangsu into one of China’s most dynamic industrial areas, forcing laborers to emigrate to Shanghai where they faced considerable discrimination as Northern Jiangsu workers (Finnane, 1993). In the post-1949 period, Gaoyou lacked convenient communication ties with Nanjing and *Sunan*. The first bridge across the Yangzi River was not completed until 1968, the peak of the political and social chaos of the Cultural Revolution. Furthermore, construction of the bridge was not followed by the systematic development of a coherent transportation network in North-Central Jiangsu.<sup>23</sup> To this day, the region is not connected to the railway system, and it will not be fully integrated into the provincial highway network until the late 2010s (Xinhua, 1998c).

For these reasons, Gaoyou presents an interesting case study. Economic indicators show that the city is not particularly wealthy by the

<sup>22</sup> Although Gaoyou became a county-level city (CLC) in 1993, most of the territorial jurisdiction of the city remains deeply agricultural. Gaoyou owes its CLC status to the provincial leadership’s expectation that this new urban label would help accelerate the economic modernization of North-Central Jiangsu, even though the county fell well short of the formal criteria of the Ministry of Civil Affairs for establishing CLCs.

<sup>23</sup> For details on infrastructure development in Gaoyou during the pre-reform era, see Wang He and Jie Yang (1990: 291–306). On Gaoyou’s strategy for economic development, see Mayor Bu Yu’s speech delivered at the 1st Session of the 11th Gaoyou People’s Congress in Bu (1999: 16).



TABLE 6.1. *Key Indicators of Gaoyou (2004)*

|                                                 | Value   | Rank among Counties<br>in the Province |
|-------------------------------------------------|---------|----------------------------------------|
| Population                                      | 827,100 | 33/52                                  |
| GDP per capita (yuan)                           | 10,282  | 30/52                                  |
| Fiscal revenue per capita (yuan)                | 329     | 29/52                                  |
| Farmers' disposable income per capita<br>(yuan) | 4,429   | 27/52                                  |

Source: Jiangsu Statistical Bureau, *Jiangsu Statistical Yearbook*, 2005.

standards of Jiangsu province. It has more in common with the prefectures and counties of China's interior than the fast-growing cities of *Sunan* that have come to symbolize Jiangsu's industrial strategy (Jacobs, 1999). Overall, Gaoyou is an average Chinese county, from which we can learn the great deal about CCP-VC interactions. (See Table 6.1.)

Another powerful reason to focus on Gaoyou is that it has published extensive village-level data since 1994, providing a unique perspective on the linkages among elite promotions, institutional change, and the economic transformation of these villages in the past decade.<sup>24</sup> The data include basic indicators of village economic performance, and lists of VC chairmen and CCP branch secretaries, as well as the dates of their appointment and removal.<sup>25</sup> I also relied on the Yangzhou statistical yearbooks to collect aggregate data on the performance of the county's 33 towns and townships that oversee Gaoyou's 672 villages.

### **Dependent Variable: Promotion of Village Committee Chairman to Party Branch Secretary**

The dependent variable measures annually whether the village committee chairman in the previous year is currently serving as the Party

<sup>24</sup> Other counties and cities that have long been considered "model" areas in Jiangsu come to mind, such as county-level cities under Suzhou, Changzhou, and Wuxi, but to my knowledge, no village-level data are available for these regions. Only Gaoyou and Jinhu have produced consistent village data over time, and both are relatively poor and otherwise lackluster counties of Northern Jiangsu.

<sup>25</sup> I compiled the Gaoyou village leadership database from the series of Gaoyou yearbooks published from 1995 through 2005.

branch secretary in the village. It makes no distinction between the chairmen who retain their VC post after they become secretary and those who are replaced by a new chairman upon their promotion as Party secretary. In either case, the dependent variable is coded 1, and zero otherwise.

Having collected the data from 1994 to 2004, we are in a position to contrast two institutional arrangements: In the first period, elections were held, but they were uncompetitive. In the second period, village elections were competitive, in the sense that the national law, the provincial regulations, and the documented practice of village elections called for open nominations of candidates and more candidates than the number of contested seats. The core hypothesis is, therefore, that – net of other control variables in the model – the rates of promotion of village chairmen have declined from one period to the next.

### **Independent Variables**

**LENGTH OF TENURE.** The length of tenure of the VC chairman is the crucial independent variable. The promotion mechanism that I detailed previously requires that village heads prove their worth to their superiors in the Party branch and the township. As the end of their term approaches, township officials are in a better position to evaluate their performance so far, and may decide to promote them as branch secretaries. Once the Party has basically completed this vetting process, the village heads who are not selected for promotion may remain at their post (and even be reelected at the next round), but their additional tenure on the committee is unlikely to make the Party reconsider their decision not to promote them. Thus, the expected relationship between the odds of promotion and a chairman's tenure over time has an inverted "u" shape ( $\cap$ ): The chairman's probability of promotion first rises with experience on the job, but beyond a certain point, returns on tenure diminish. Therefore, both the length of tenure and its squared value are included on the right-hand side. We expect a positive coefficient for VCC tenure and a negative coefficient for (VCC tenure)<sup>2</sup>.

Promotions to the post of Party branch secretary are relatively rare. In a given year, 13.4% of village chairmen in Gaoyou make this transition. Since the average observed tenure is only 2.3 years, we should

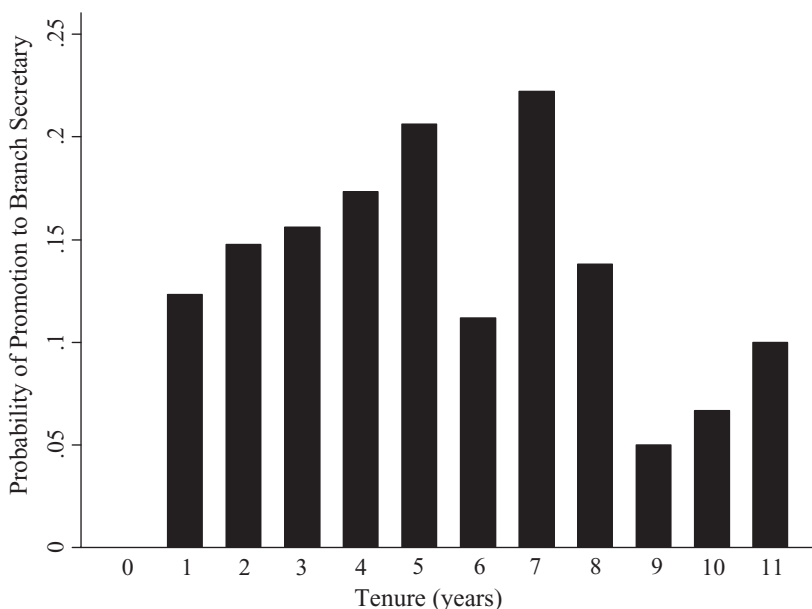


FIGURE 6.4. Mean Probability of VCC Promotion to Party Branch Secretary, by Tenure Length. *Source:* Author's database on Gaoyou villages.

expect to see about 30% of the chairman make that transition over their entire term. The simple plot of the dependent variable over the length of the VCC's tenure is consistent with the hypothesis of non-linear odds of promotions, which drop sharply beyond seven years of experience (Figure 6.4).

These numbers are not an artifact of low turnover rates among Party branch secretaries. Each year, the number of PBS posts that are available, in the sense that a replacement was either made or that the posts remains vacant, is considerable: In 1994, when the number of villages was as high as 669, 283 branch secretaries were replaced, and a further 67 posts remained vacant at the end of the year. By 2004, the number of villages was much reduced, but still new Party branch secretaries were appointed in one-third of the villages. In fact, the average tenure of branch secretaries and village committee chairmen are virtually identical (Figure 6.5).<sup>26</sup>

<sup>26</sup> This finding contradicts the perception that village secretaries are relatively secure in their post. According to Huang and Odend'hal, "Unless he commits gross

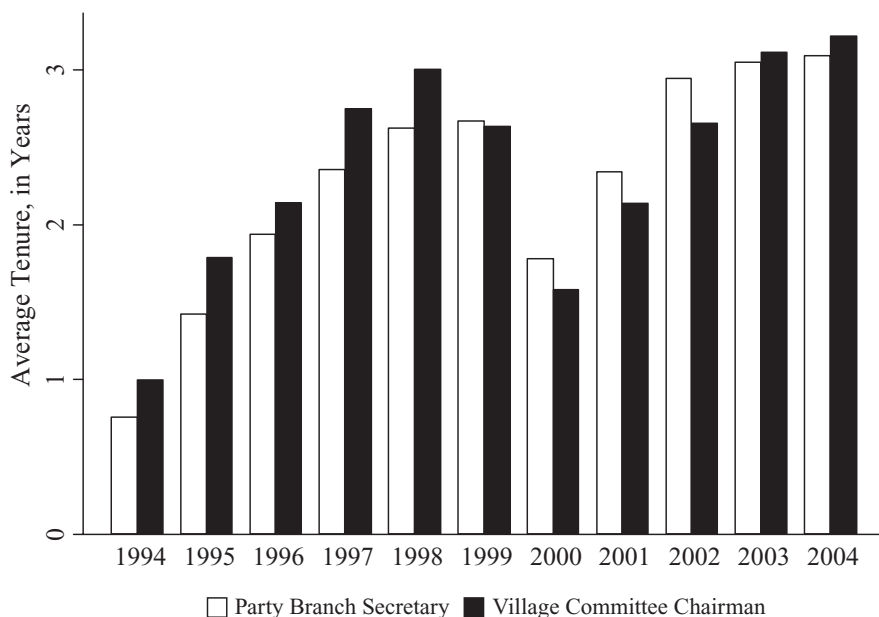


FIGURE 6.5. Average VCC Observed Tenure (1994–2004). The increase in observed tenure from 1994 to 1996 is due in part to left-censoring, since the tenure of incumbents in 1994 is not known. Since the average tenure is less than three years, left-censoring is not a serious issue after 1997, the fourth year of observation. *Source:* Author's database on Gaoyou villages.

The dip around 1999–2000 is due to the massive administrative reorganization in Gaoyou, which led to a drastic reduction in the number of villages. These reforms were justified on the grounds that the financial burden on farmers was too great given the large number of village officials in a typical village. Today's villages are thus much larger than in the past. Furthermore, more villages have been turned into neighborhoods, where elections are not as competitive as in the villages, although Yangzhou (including Gaoyou) has begun to experiment with elections in some of these reconstructed “community neighborhood committees” (*shequ juweihui*) (Yangzhou Yearbook Editorial Committee, 2003: 345–346; 2005: 332). The experiment has not been

errors – such as taking the wrong side in a political campaign or outrageously abusing his power – the higher authorities will not easily remove (the secretary) from office” (1998: 104–105).

a great success. Civil affairs officials bluntly reported that ordinary citizens lack a sense of community identity and that the management of neighborhoods is chaotic (*hunluan*) and understaffed; officials are underpaid and unable to carry out many of their numerous duties (Yangzhou Yearbook Editorial Committee, 2002: 355).

Since boundary changes are so frequent, both the dependent variable and measures of leadership tenures are reset if a village merger occurs. Of course, some “new” chairmen and secretaries may have prior experience in smaller communities, but given the vast differences between old and new villages, a more conservative approach is to “reset the clock” when boundaries change. However, if a village is turned into a neighborhood committee without a boundary change, the time-varying covariates are updated normally.

**VACANCY OF THE PARTY SECRETARY POSITION.** The model also accounts for the vacancy of the Party secretary position in the village, which should predict strongly to a higher probability of promotion. Notice, however, that a vacancy is not a necessary condition for such an appointment: Although this is rare in practice, a VCC may be appointed secretary of a neighboring village rather than his own. Furthermore, recorded vacancies seem to denote unusually long spells when no appointment has been made. Snap replacements following the removal of incumbent Party branch secretaries are more likely in practice (Table 6.2).

**POLITICAL AND BUREAUCRATIC MOTIVATIONS.** Since village Party branches are under the “leadership” of the township Party committee, it is clearly in the best interest of the township leaders to use their authority to build stronger political coalitions across villages, and to do so by appointing supporters of the township Party. Besides the village committee, villagers also elect delegates to the township people’s congress (TPC) by direct ballot.<sup>27</sup> The congress is not the most powerful institution in the township, but it is not one that township governments can afford to ignore. The congress formally approves key political appointments upon proposition by the township government and Party committee. TPCs cannot initiate personnel changes,

<sup>27</sup> For a case study of direct elections of TPC delegates by villagers, see the 1999 Carter Center Report on Chinese Elections: *Observations on the Township People’s Congress Elections in Chongqing*.

TABLE 6.2. *Frequency of VCC Promotions to the Post of Village CCP Secretary, Gaoyou*

|                                                                    |                                  | 1994        | 1995        | 1996        | 1997        | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        |
|--------------------------------------------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Officials remaining as VCC<br>(As % of all villages)               | <i>a</i><br>$b = 100 \times a/k$ | 573<br>85.8 | 555<br>83.0 | 589<br>87.9 | 571<br>85.1 | 526<br>80.7 | 609<br>91.0 | 300<br>85.5 | 320<br>91.4 | 280<br>84.8 | 283<br>85.2 | 303<br>89.4 |
| Number of secretary positions<br>available                         | <i>c</i>                         | n.a.        | 350         | 260         | 239         | 235         | 255         | 274         | 117         | 91          | 113         | 118         |
| Incl. positions filled (new<br>secretaries)                        | <i>d</i>                         | n.a.        | 283         | 199         | 177         | 193         | 217         | 224         | 68          | 58          | 77          | 96          |
| Incl. positions filled by VCC                                      | <i>e</i>                         | n.a.        | 51          | 41          | 50          | 47          | 53          | 9           | 23          | 12          | 25          | 31          |
| Incl. positions remaining vacant<br>(% of vacancies filled by VCC) | <i>f</i><br>$g = 100 \times f/c$ | 166<br>n.a. | 67<br>14.6  | 61<br>15.8  | 62<br>20.9  | 42<br>20.0  | 38<br>20.8  | 50<br>3.3   | 49<br>19.7  | 33<br>13.2  | 36<br>22.1  | 22<br>26.3  |
| Promoted CCP secretary <sup>a</sup>                                | <i>h</i>                         | 95          | 114         | 81          | 100         | 126         | 60          | 51          | 30          | 50          | 49          | 36          |
| (As % of all villages)                                             | <i>i</i>                         | 14.3        | 17.1        | 12.1        | 15.0        | 19.4        | 9.3         | 17.8        | 10.5        | 17.5        | 17.3        | 12.9        |
| Total number of villages and<br>neighborhoods                      | <i>k</i>                         | 668         | 669         | 670         | 671         | 652         | 669         | 351         | 350         | 330         | 332         | 339         |
| Including villages ( <i>cunweihui</i> )                            | <i>l</i>                         | 666         | 667         | 668         | 667         | 648         | 645         | 287         | 286         | 286         | 283         | 278         |

<sup>a</sup> Including continuation as PBS for incumbent secretaries serving concurrently as village committee chairman.

but uncooperative congresses can certainly complicate the allocation of political power within townships by rejecting controversial appointments. Given that village secretaries have considerable influence over the election of delegates to the TPC, township Party organizations have a strong incentive to ensure the appointment of loyal supporters as CCP branch secretaries.<sup>28</sup>

Such personnel shake-ups are likely to coincide with changes within township Party committees, particularly Party secretaries. Newly appointed cadres are more likely to meddle in village affairs than those with a long local career: Once a network of loyal branch secretaries is in place and functions to the satisfaction of the township committee, the latter has fewer incentives to depart from the status quo. Of course, this does not imply that village branch secretaries never leave. Removals, retirements, and deaths do occur, but on the whole the replacement of village secretaries is more likely to happen sooner rather than later in a township secretary's tenure.

Timing also impacts the decision to appoint branch secretaries. Since VCCs are elected for a three-year term, major personnel reorganizations are more likely to occur toward the end of a cadre's formal term in office. Township CCP committees have the right to make appointments at any time, but do so at the cost of personnel instability in the village government, unless the VCC retains his post and serves as PBS concurrently until the next village election.<sup>29</sup>

**ECONOMIC PERFORMANCE OF THE VILLAGE.** The CCP's stated expectation that local leaders must deliver strong economic performance also applies at the village level, and this is widely reflected in the official media (Zhou and Zhu, 2005). If this is indeed the case in practice, the simple hypothesis is that VCCs who can demonstrate economic progress during their tenure are more likely to be selected as Party branch secretaries than cadres associated with economic stagnation or decline.

<sup>28</sup> For instance, among the sixty-two members of the a township of Cangzhou (Hebei province) there were sixteen village branch secretaries, two deputy secretaries, and six Party branch committee members. Only thirteen delegates were non-Party members (Shi Weimin, 2003).

<sup>29</sup> Village cadres can also hold concurrent posts on a permanent basis. For instance, observers from the Carter Center witnessed the reelection of the village head in Zhujiaqiao village (near Chongqing), who was also the village secretary (Carter Center, 1999).

In order to gauge the overall economic evolution of each village, I rely on the published measure of per capita income and develop two distinct indicators. First, I estimate the wealth of each village relative to the township where they are located. This is simply a ratio of the nominal per capita village income over the same indicator for the township as a whole.

A separate variable captures local performance during the tenure of village leaders. Following Bo (1996: 146 n. 23), I construct an indicator of the cumulative average real income growth (CARIG) for each VC chairman's tenure. I first converted per capita income to constant 1994 prices using a CPI deflator and computed real growth rates.<sup>30</sup> Finally, I calculated the cumulative average growth during the VC chair's tenure. For instance, if a chairman is observed in his third year in 1997, CARIG is simply the average growth rate over the preceding three years. In his second year in office, CARIG is computed over the past two years, and so on. Simply put, CARIG seeks to assess village performance "so far," when the VC chairperson is being considered for promotion to the post of village secretary. Simply put, "village income/township income" measures the prosperity of villages relative to their geographical neighbors, whereas CARIG captures the dynamic change in village income during the tenure of its committee chairman.

I also account for the possible mitigating impact of economic dynamics in the township as a whole. In areas that are urbanized and industrialized, townships may also prefer to appoint secretaries who have experience at the firm level. They may not put a great deal of pressure on the VCCs to deliver strong economic performance, because fiscal revenues and the overall economic well-being of the township is less dependent on the performance of the rural economy. Thus, township per capita income (at constant 1994 prices) is also included on the right-hand side.

## RESULTS AND DISCUSSION

I estimate population-averaged panel probit models that assume a within-village autoregressive correlation structure (AR1). In each

<sup>30</sup> The deflator is based on the consumer price index published by the National Bureau of Statistics in the relevant issues of the *China Statistical Yearbook*.



model, a village is observed at most over a five-year span, in 1995–1999 and 2000–2004, respectively (Table 6.3). The data for 1994 are not explicitly included, because the first year of observation is used up in the computation of time-varying covariates. The year 2000 was chosen as the cutoff point for two reasons: First, the post-2000 period clearly captures both the institutional change of competitive elections and Gaoyou's reorganization of village boundaries in 2000. Although the 1998–1999 elections occurred after the Organic Law was passed at the national level, Jiangsu issued clear provincial guidelines mandating open nominations and competition only after 2000. The year 2000 is also a natural break, producing spells of equal length (five years) for the villages that are observed over the entire period.

### **Competitive vs. Noncompetitive Elections**

The estimates suggest that the patterns of promotion of village committee chairmen have been dramatically influenced by institutional change. Before 2000 (Model I), the relationship between the odds of promotion and the tenure of the VCCs is powerful and unambiguously curvilinear. These results are consistent with the hypothesis that the Party filtered chairmen after their election. This relationship between VCC tenure and promotion is considerably weaker in the post-2000 period: Longer tenures are correlated with higher odds for promotion, but the coefficient is three times smaller than in the first period (Model II).

The effects on the fitted odds on promotion – conditional upon the VCC tenure and holding all other variables at their sample mean – are dramatic: The odds of promotion peak around the fifth year into the tenure of a typical village Chair, and decline rapidly thereafter (Figure 6.6, top). On the other hand, the forecasts of the contemporary period are virtually insensitive to tenure length, which suggests that the Party has become very suspicious of elected VCC and is deeply reluctant to promote them (Figure 6.6, bottom).

### **Villages vs. Neighborhood Committees**

The contrast between ordinary villages and neighborhood committees also confirms the importance of the formal institutional context on the

TABLE 6.3. *Multivariate Probit Estimates of VCC Promotion to the Post of Village Party Branch Secretary*

|                                                   | Full Model        |                   | Economic Performance Only |                   |
|---------------------------------------------------|-------------------|-------------------|---------------------------|-------------------|
|                                                   | (I)<br>1995–1999  | (II)<br>2000–2004 | (III)<br>1995–1999        | (IV)<br>2000–2004 |
| Number of observations                            | 3,224             | 1,427             | 3,224                     | 1,427             |
| Number of villages                                | 669               | 290               | 669                       | 290               |
| <b>Observations per village</b>                   |                   |                   |                           |                   |
| Minimum                                           | 2                 | 2                 | 2                         | 2                 |
| Average                                           | 4.8               | 4.9               | 4.8                       | 4.9               |
| Maximum                                           | 5                 | 5                 | 5                         | 5                 |
| Wald $\chi^2$ (11)                                | 122.96            | 47.05             | 6.23                      | 15.56             |
| Probability > $\chi^2$                            | 0.000             | 0.000             | 0.101                     | 0.001             |
| Independent variables                             |                   |                   |                           |                   |
| Party branch vacant                               | $\beta$           | $\beta$           | $\beta$                   | $\beta$           |
| Tenure of PBS                                     | I.V. type (dummy) | s.e.              | s.e.                      | s.e.              |
| (Tenure of PBS) <sup>2</sup>                      | 0.014             | 0.116             | –0.889                    | 0.654             |
| Tenure of VCC                                     | –0.066            | 0.072             | –0.208***                 | 0.085             |
| (Tenure of VCC) <sup>2</sup>                      | –0.002            | 0.012             | 0.014                     | 0.009             |
| Tenure of township Party secretary                | 0.652***          | 0.080             | 0.216**                   | 0.093             |
| (Tenure of township Party secretary) <sup>2</sup> | –0.068***         | 0.012             | –0.015                    | 0.010             |
| Neighborhood committee                            | –0.013            | 0.008             | –0.007                    | 0.009             |
| CARIG                                             | 0.059             | 0.061             | 0.051                     | 0.078             |
| Village per capita income/township mean           | –1.332            | 2.997             | 1.231***                  | 0.275             |
| Township per cap. income (1,000 yuan)             | –0.004            | 0.003             | 0.014                     | 0.011             |
| Constant                                          | 0.256             | 0.350             | –0.132                    | 0.777             |
|                                                   | –0.149**          | 0.068             | –0.436***                 | 0.117             |
|                                                   | –1.839***         | 0.414             | 0.345                     | 0.913             |

Notes: GEE population averaged probit, with  $AR_{(1)}$  process within village.

\*\*\* p < .01; \*\* p < .05; \* p < .1.

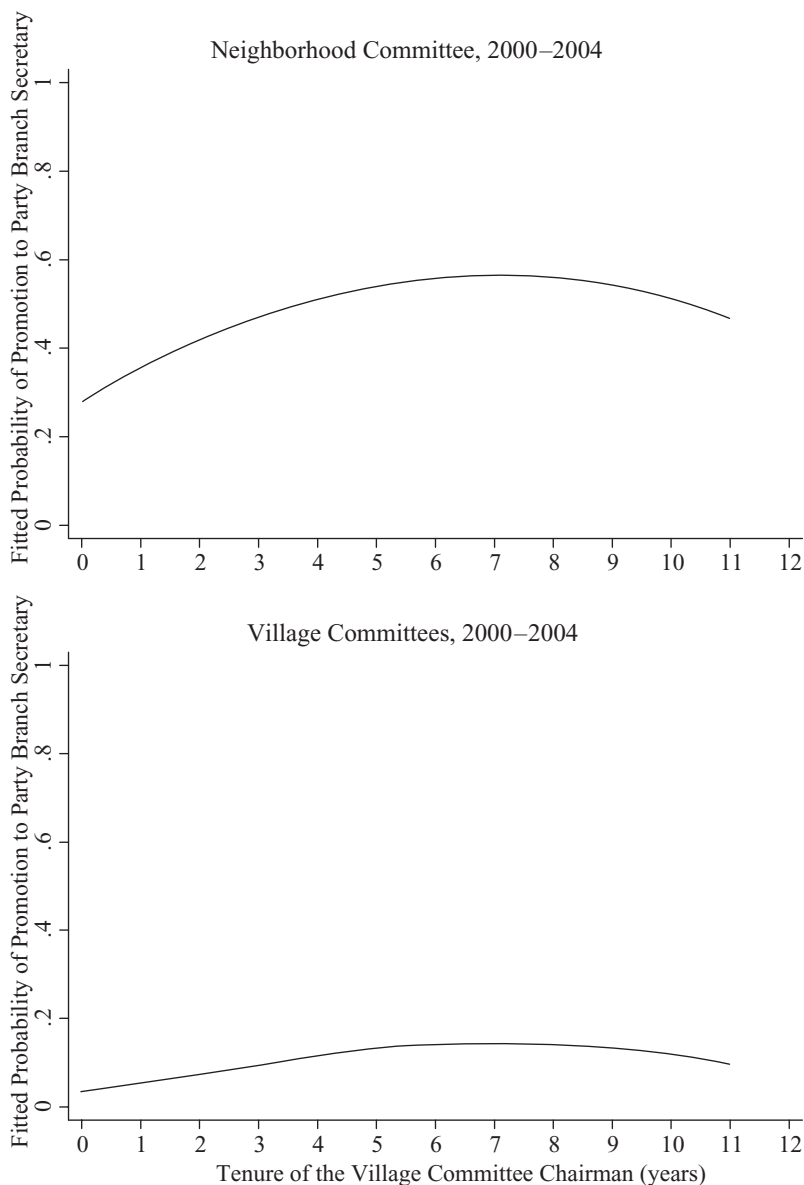


FIGURE 6.6. Village vs. Neighborhood Committee: Impact on the Promotion to PBS. Simulations based on Models I and II. All other variables are held constant at their sample mean.

behavior of local CCP organizations. In the first period, the systems governing the selection of officials in villages and neighborhoods were equally uncompetitive, and the variable “neighborhood committee” is indeed insignificant.

However, after 2000, the coefficient is both extremely large and highly significant. This suggests that the CPP is much more eager to promote leaders who are not elected by competitive means. While the maximum odds of promotion are not as high as in the first period, they are nonetheless about three times higher than in the villages (Figure 6.6).

### **Economic Performance**

There is only limited evidence that the economic performance at the village level matters in either period. In a simple model where only economic variables at the township and village level are used as predictors, income growth during the VCC term of office predicts higher odds of promotion in 2000–2004 (Table 6.3, Model IV) but not so in the earlier period (Model III); but once the political and institutional factors are accounted for, this positive impact disappears (Model II). (See Figure 6.7.) Only economic performance at the township level has a consistent but limited impact on the careers of village committee chairmen: All else being equal, promotions are slightly more likely in the poorer townships, regardless of the specific performance of the village itself. However, this impact is far more modest than the effect of institutional change over time. Richer townships are more discriminating because the stakes are high in areas that are crucial to Gaoyou’s economy. In industrialized townships, good cooperation between the government and village leaders is essential. These are also areas where the farmers tend to be more assertive of their rights, resisting pressure to allocate village land to road building or enterprises. Like many counties of the Chinese coastal provinces, Gaoyou has not escaped the “development zone fever”: In 2000, the municipality turned the former township of Dongdun into the “Gaoyou Economic Development Zone,” located to the north of the county seat. In richer areas, appointing branch secretaries who have no past experience as village committee chairman is a useful tactic for ensuring that the interests of the Party branch are aligned with those of the township. It ensures that

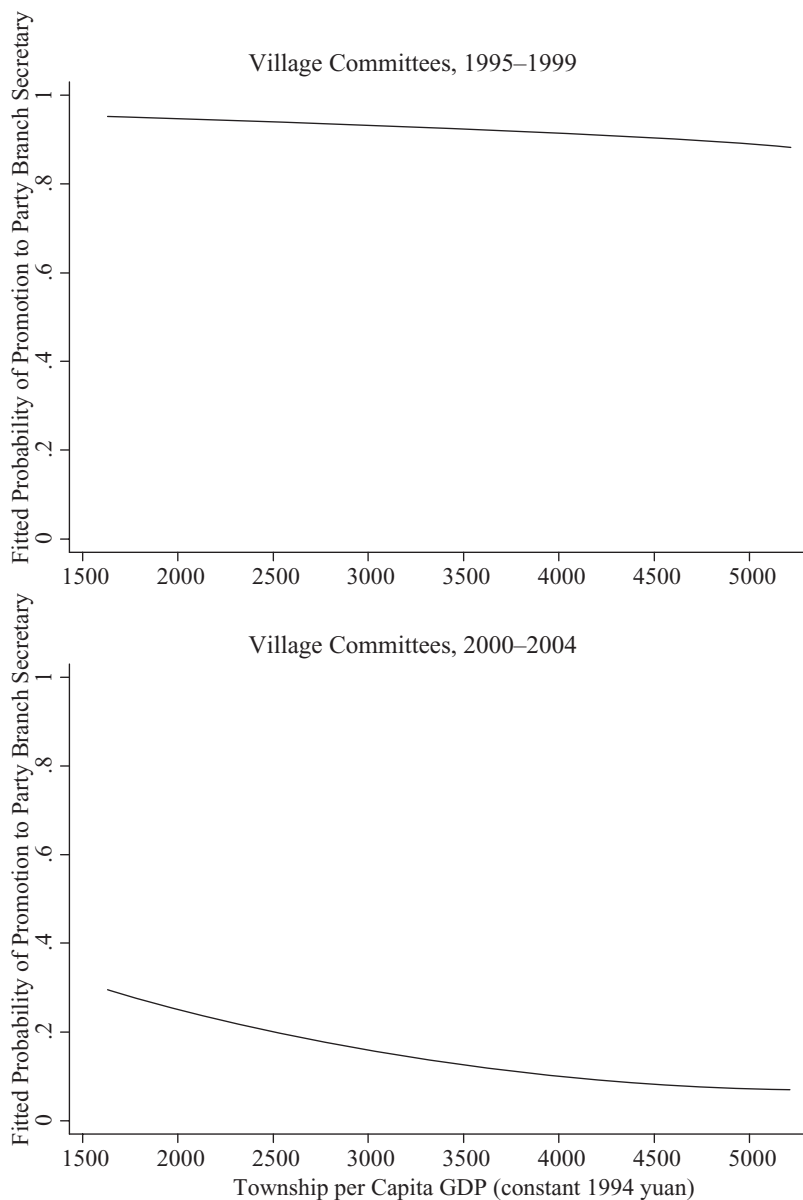


FIGURE 6.7. Impact of Township Economic Development on VCC Promotion to PBS. Simulations based on Models I and II. All other variables are held constant at their sample mean.

the kind of congruence between voters and leaders that tends to emerge through the electoral connection at the village level (Manion, 1996) does not develop at the expense of the township when controversial decisions have to be made.

## CONCLUSION

The analysis of the village leadership in Gaoyou's numerous villages over time suggests that the CCP is adapting to the institutionalization of mild electoral uncertainty. The traditional mechanism of promoting cadres to Party posts once they have proven their leadership capabilities on the village committee has given way to a bifurcated system of appointment of branch secretaries. A substantial proportion of VC chairmen still make the transition to the top Party post in the village, but this process of promotion is no longer powerfully linked to their experience as chairmen. Instead, the Party has shifted its focus to the promotion of leaders of urbanized neighborhood committees, where voters have far less say in the selection of local leaders than do their peers in the villages.

If this strategy holds in the long run, we are likely to witness the emergence of two distinct sets of village leaders, each securing their positions through very different institutional channels. Branch secretaries would be less likely to be selected from the pool of village committee chairmen who are reaching their position through more competitive elections with uncertain outcomes. A further erosion of Party control is likely if the system of a single-shot election, in which candidate nomination and the formal vote for village chair are compressed into a single write-in ballot, is adopted. Should this system be generalized (and trends in Jiangsu and elsewhere suggest that it will be) local Party organizations will confront a rising proportion of chairmen whom they do not regard as suitable candidates for the post of branch secretary.

Recent experiments in other parts of China suggest that the Party is rethinking the implications of an institutional design that is conducive to structural conflicts between elected village committees and unelected Party branches. As Guo Zhenglin and Thomas Bernstein (2004) have observed in Zhongshan (Guangdong province), the CCP is experimenting with the idea of requiring branch secretaries to stand

for village elections and sanctioning those who fail to win, which effectively merges the institutions of the VCC and the Party branch. In some parts of Jiangsu, similar trends were observed during the 2004 election. Baoying county – which borders Gaoyou to the north and is also under the jurisdiction of Yangzhou – mandated that most secretaries run in the seventh round of village elections (General Office of the Baoying Party Committee, 2004). The results showed that Party secretaries were elected chairmen in 47.6% of the villages.<sup>31</sup> In South Jiangsu, this proportion reached as much as 92% in Jintan county (Zhou and Zhu, 2005).

It is too early to say whether this move will mark the end of competitive elections in the villages in the sense that Party secretaries will feel pressured to win at any cost, even by manipulating the votes, or whether making secretaries face the voters will have the more positive impact of forcing Party branches and townships to select better secretaries. Neither outcome is likely to undermine the power and authority of the Party, but the latter would certainly increase the popularity of rural CCP branches.

<sup>31</sup> See “Baoying’s Round of Village Elections Has Many Bright Points,” *Yangzhou Daily*, December 20, 2004.

## Conclusion

The logic that places organizational policy at the apex of the CCP's political strategy is best summarized in remarks attributed to Deng Xiaoping during his famed "southern inspection tour":

[We] must educate the army, persons working in the organs of dictatorship, the Communist Party members and the people, including the youth. If any problem arises in China, it will arise from inside the Communist Party. We must keep a clear head. We must pay attention to training people, selecting and promoting to positions of leadership persons who have both ability and political integrity, in accordance with the principle that they should be revolutionary, young, well educated and professionally competent. This is of vital importance to ensure that the Party's basic line is followed for a hundred years and to maintain long-term peace and stability. It is crucial for the future of China (Deng, 1994: vol 3, 368).

### THE CCP'S ADAPTATION TO EXTENSIVE DECENTRALIZATION

The 1990s were a decade of extraordinary change in China's localities, including the counties surveyed in the Jiangsu Elite Study. The acceleration of reform after 1992 worsened preexisting economic disparities between Northern and Southern Jiangsu, but from the standpoint of Party officials concerned with building legitimacy, rapid expansion in the *Sunan* counties surveyed here is evidence of effective governance and adaptability of local institutions to changing economic incentives. On the other hand, the *Sunan* "miracle" was also a source of



considerable temptation for the cadre corps. Major cases of corruption – such as the scandal involving many members of the Wuxi Party committee in 1994 – demonstrated the potential destabilizing impact of rapid economic transformation on Party discipline.

This research demonstrates that the performance of CCP organizations, in their crucial task of allocating political power in the localities, remains surprisingly well institutionalized. Attempts to separate Party and government bodies (before 1990) and to separate government bureaus from enterprises (after 1993) did not weaken the pivotal role of the CCP as the key allocator of political power, even at the lowest levels of China's bureaucratic system. The Leninist principle that the Party must always control cadres remains firmly in place after twenty-five years of reforms. In contrast to the patent irrelevance of Maoist ideology among ordinary Chinese, or the fading mark of socialist principles in the management of the economy, this important political and institutional legacy of the pre-reform era is powerful testimony to the current leadership's determination to maintain a political system that places the CCP at its core.

China's sustained economic decentralization has led to a variety of reform outcomes, rising inequalities, and increased competition between localities. These are to a large degree anticipated outcomes of the purposeful decisions made at the center since the Third Plenum of December 1978. What is surprising is the sustained capacity of the CCP to maintain its organizational integrity despite the tremendous pressures induced by the reform process. The Party has achieved a reasonably high degree of cohesion among cadres by designing effective mechanisms of elite recruitment, promotion, and control that not only are compatible with Beijing's overarching goal of economic modernization but also minimize the risk of a systemic breakdown of political discipline in the localities.

These results are particularly important in the light of the CCP's efforts to maintain and preserve a decentralized personnel management system. The expected response of a Leninist authoritarian regime would have been to mitigate the impact of economic decentralization by centralizing political authority, but given the scale of China's bureaucracy, the transaction costs of centralized control would be enormous. The multitude of state agents in the nested hierarchy of localities would make shirking difficult to detect.

Since 1983, the CCP leadership has chosen, instead, a strategy of decentralized personnel management. Under this one-level-down method of control, the proportion of local cadres managed by the Party committees and Organization Departments of the locality in which they serve increased dramatically. At each level, most officials are directly managed by local Party organizations, while only a few key Party and government leaders are under the direct purview of a Party organization one level up. This shift posed a significant organizational challenge to the Party. Under such conditions, institutionally induced opportunities for collusion, abuse of *guanxi*, and general disregard for unpalatable rules were likely to flourish: One would not expect decentralization to be associated with compliance with policies that are at odds with the self-interest of the local politicians who are expected to implement them.

Despite these odds, the results of the JES study are *not* consistent with the hypothesis of the institutional obsolescence of the CCP at the local level. Both the analysis of the cadres' perception of the organizational system – in counties selected for their vastly different trajectories in the reform era – and the correlates of their promotions suggest the persistence of strong Party personnel organizations, a cohesive cadre corps, and a surprisingly high degree of local compliance with key central policies.

Local cadres certainly deviate from established political norms in their daily activities, and corruption undermines the credibility of the CCP as the ruling Party and challenges Beijing's ability to impose its policy decisions in the provinces (Oi, 1991; Kwong, 1997; Lu, 2000), but Party leaders have also been able to capitalize on the CCP's organizational cohesiveness, and have devised informal responses that limit the corrosive effect of corruption. The CCP restricts the opportunities for corruption by keeping the tenure of local cadres very short. Furthermore, game theoretic analyses of anticorruption campaigns demonstrate that the Party implicitly tolerates a level of corruption that is consistent with its monitoring and enforcement capabilities, while keeping the most egregious cases of deviation in check (Wedeman, 2005). However, corruption alone need not be a fatal organizational weakness. As Manion (2004) shows, corruption in China is as much a product of institutional design as it is a consequence of institutional weakness. The observed level of corruption reflects, in part, the

preferences of those who built the Party institutions in the first place. So long as corruption does not, *in fine*, undermine the authority of the high echelons of the CCP, it should not destroy the Party.

China's authoritarian system has not outlasted its former socialist competitors or even nonsocialist authoritarian states by sheer institutional immobilism. Carefully devised reforms can contribute to the gradual building of institutional norms consistent with the regime's objectives (Manion, 1993). The cadre corps of the JES sample also seems to have internalized many of the features of organizational control that the regime sought to recreate in the aftermath of the Cultural Revolution. The key finding pertains to the continued dominance of Party institutions over the process of selection, appointment, and removal of local officials: Cadres were almost unanimous in identifying the county Party secretary, the Party committee, and county Organization Department as critical to the management of their own careers. By contrast, they clearly regarded government bureaus or local people's congresses, which provide the technical and legal window of personnel policy, as institutions of secondary importance.

Of course, shared beliefs do not necessarily imply that the CCP's institutional performance is as stellar as JES respondents indicate. Yet a careful analysis of the career paths of these county-level officials reveals that the actual behavior of local Party organizations in charge of evaluating and promoting cadres has, in fact, conformed largely to key policy directives devised at the center. In JES counties, Party committees reward individuals experienced in Party institutions more frequently than cadres with seemingly more varied professional backgrounds but who may be less politically reliable. Initial access to Party institutions opens the door to yet higher echelons of local political power.

These findings are not entirely consistent with Lee's earlier account of a shift from a "revolutionary cadre corps" to "career bureaucrats" (1991). The correlates of promotion among JES respondents indicate that the cadre corps has been successfully modernized in the sense that local appointees are better educated and trained in the daily management of the local bureaucracy than were previous generations of officials. Yet one cannot conclude that this transformation has occurred at the expense of the regime's long-standing insistence on political reliability. For obvious demographic reasons, the cadres currently posted

in county governments throughout China no longer belong to the generation of officials who owed their power and positions to their early engagement with the revolutionary cause. Nevertheless, today's local leaders still have very strong Party credentials, not only as long-standing CCP members but more importantly as experienced cadres in Party organizations at the subcounty and county level.

Besides emphasizing continued organizational cohesiveness, the Chinese Communist Party also needs to align the political incentives of local officials with its overall goal of sustaining rapid economic development. Ideally, the Party should tie the political fate of local officials with their performance during their term of office. Yet just as the relationship between economic performance and the reelection of incumbents in democratic systems remains contested, the CCP's behavior vis-à-vis its local appointees is also quite complex. It reveals an astute political logic that authoritarian regimes rarely exhibit. The analysis of the career outcomes among mayors shows that unusually good performance is, indeed, rewarded with access to high-level jobs in larger cities, provincial governments, or even central ministries. On the other hand, the CCP is careful not to antagonize the large pool of officials who fail to "deliver the goods." Lackluster mayors are almost never purged because of poor economic performance but are just as likely to serve as municipal Party secretary as everyone else. Instead, they are simply not allowed to climb higher in the bureaucratic hierarchy. The costs of this policy are limited. After all, mayors serve short terms, and even when appointed as local Party secretaries, the strict enforcement of the rule of retirement by the age of sixty limits their impact in these localities.

Although this approach does not maximize economic performance, its political benefits are clear. By not dismissing them systematically, the provincial and central Party authorities reduce the risks of creating a deep political rift within the Party elite, pitting political losers with no stake in the deepening of economic reforms against a very small cohort of officials who would monopolize the economic and political gains of "reform and opening." The Soviet experience – both under Khrushchev and Gorbachev – showed how costly policies of indiscriminate elite turnover can be. Khrushchev seriously eroded support among ordinary cadres who felt they had little stake in his reform enterprise. He ended

up losing the support of a Central Committee appointed under his watch. Turnover at all levels was even higher under Gorbachev, but since Soviet local officials had little control over the economy to begin with, the idea of Chinese-style cadre responsibility made little sense. The Chinese response is more stable politically: The CCP sustains a strong agency model with respect to access to critical posts in important city, provincial, or central institutions. At the same time, the Party is committed to Brezhnev-style “stability” for the larger group of cadres who might otherwise scuttle the reform process and challenge the Party leadership if they were systematically penalized for lackluster performance.

#### THE RELATIVE DECLINE OF THE STATE IN THE ECONOMY

We can wonder whether the Party’s seemingly successful transition to a decentralized personnel system is a viable arrangement in the long run. Reforms have eroded the nexus between bureaucratic and economic power, not only because of efforts to better delineate government bureaus from government-owned enterprises but also because of the overall decline of the state sector in the national economy. As Dali Yang (2004) has shown, the systematic efforts since the late 1990s to improve governance and build a regulatory state in many sectors of the economy are counterbalancing the trends toward the fragmented authoritarianism that characterized the first two decades of Chinese reforms. Yet cross-national data indicate that China remains an extraordinarily decentralized political economy, and it is by no means certain that the Communist Party will be able to exert the kind of political influence over the expanding private sector that it does over the important, but shrinking, state sector. The effort to recruit private entrepreneurs into the CCP can cut both ways: It extends the reach of the Party (Dickson, 2003), but it can also change the nature of the Party by giving the private sector a voice in the decision-making process.

If these trends continue, the relevance of the Party’s monopoly over cadres posted in a shrinking government sector may be of limited practical significance, even if it maintains an efficient organizational structure. The CCP’s monopoly on appointments used to work hand in hand

with the labor-allocation mechanism of the planned economy. Opportunities for officialdom were highly valued because the boundaries among the spheres of the Party, the government, and the economy were blurred by design. Jobs were allocated by the state, and access to desirable administrative jobs required the endorsement of, and good ties with, the Party's "department under heaven," the Organization Department. In an increasingly marketized economy, the Communist Party must now compete against a dynamic and sophisticated private sector in order to recruit the best and the brightest from the country's talent pool. It does not always win that competition: The opportunity costs of public employment are particularly high in the coastal provinces, and despite considerable efforts to recruit new members on university campuses, only a minority of university students are Party members. Among them, only a fraction of Party members end up working in Party and government institutions upon graduation. Equally worrisome is the trend among government officials to resign in the prime of their career and seek lucrative jobs as they "jump into the sea" (*xia hai*) of the private sector.

#### INCREASING COMPETITION FOR PROMOTION

Officials leave public service in part because the opportunities for promotions are becoming rarer. Several bouts of government restructuring have resulted in a steady decline of the share of the labor force employed in Party and government agencies (Figure 7.1). The decline affects not only the rank and file but also the top positions available to the bureaucratic elite, since the number of the agencies is also shrinking. At the bottom of the hierarchy, villages and townships are being recombined into larger units at a much faster pace than the (relative) decline of government employees, which further exacerbates competition for promotions. Strict age limits and short tenures can mitigate this problem, but they cannot eliminate it.

#### POLICY SHIFT IN THE HU-WEN ADMINISTRATION?

Most of the data collected for this study relate to the administration of Jiang Zemin. In tandem with Premier Zhu Rongji, Jiang left a strong mark on the policymaking process and pushed the CCP down the

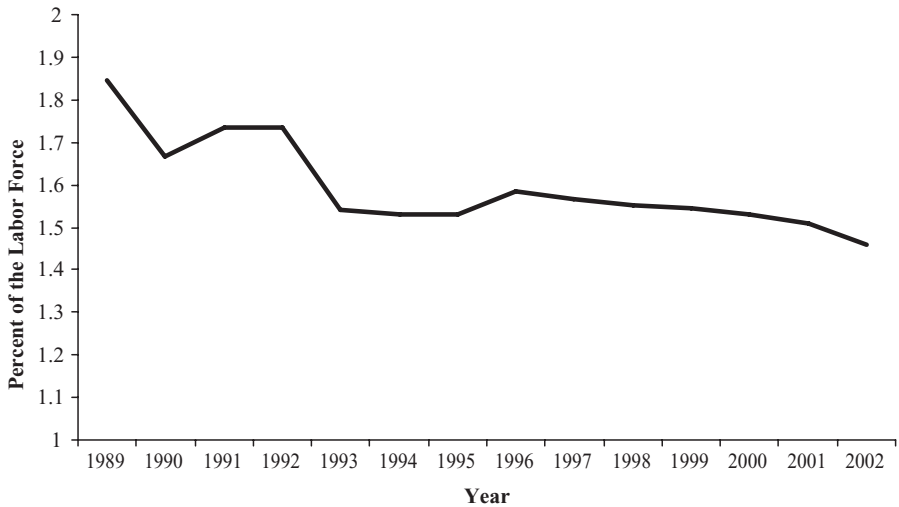


FIGURE 7.1. Share of Party and Government Employees in the Labor Force (1989–2002). Data excludes education, health and science, and technology employees. *Source:* National Bureau of Statistics, *China Statistical Yearbook* (2005: Table 5–6).

road of recruitment diversification, including private entrepreneurs. Yet there are signs that Hu Jintao and Wen Jiabao are gradually revisiting some of the most controversial elements of the Jiang-Zhu agenda, which, in turn, is likely to affect both the degree of decentralization and the management of Party and government officials at the local level. In 2004, Wen called for an end to the “blind pursuit of GDP growth” in his speech to the National People’s Congress.<sup>1</sup> The goals of economic development have been further redefined in favor of more redistributive and balanced growth, including more fiscal transfers to rural regions, poverty-reduction programs in the areas of health care and education, and a renewed commitment to the achievement of sustainable development (Wen Jiabao, “Report of the Work of the Government,” 2006).

Multifaceted and more holistic targets also complicate any principal’s job of distinguishing between workers and shirkers. The simplistic

<sup>1</sup> “Blind Pursuit of GDP Growth to End,” *China Daily*, March 5, 2004 (<http://www.china.org.cn/english/2004/Mar/89396.htm>).

growth-demanding approach of the Jiang-Zhu administration was probably too one-dimensional, but it had the great merit of clarity and purposefulness that allowed the CCP to align the incentives of local officials with those of their superiors up the nested hierarchy of China's complex bureaucratic chain. As demands on officials become more multifaceted and principles of accountability are expanded to include responsibility for major industrial accidents, production safety, and environmental crises that may or may not be directly linked to the specific actions of local officials, the careers of local cadres may become less predictable and the already rapid tempo of elite turnover in the localities is likely to accelerate further. These measures – which started in earnest during the SARS health crisis of 2003 with the highly public dismissal of Beijing Mayor Meng Xuenong and Minister of Health Zhang Wenkang – may be popular among ordinary citizens, but the message to officials is more ambiguous. Meng was dismissed only weeks after being appointed, while Party Secretary Liu Qi – who was Meng's predecessor for four years and was probably far more responsible for the deficiencies of the municipal government than Meng was – remained on the job. If the discourse of accountability is not matched with a clearer explication of the rules of the game, dissatisfaction among local officials will increase.

In the countryside, Beijing's desire to enhance Party control justified the gradual introduction of village elections. Gaoyou's experience suggests that replicating the Party's reward mechanisms, which promote state cadres for political reliability and demonstrated professional competence, is harder to implement in the villages, where greater electoral competition is breeding greater uncertainty. The awkwardness of the Party's position that elections are a legitimate mechanism of selection for village committee members, but that direct appointments closely controlled by Party organizations are appropriate for the selection of local government leaders, challenges the cadre system of personnel control that has so far served the Party well. During the Jiang era, the scope of village elections was expanded and their quality improved. In Gaoyou, the Party adapted to elections by shifting the recruitment of branch secretaries away from elected village heads. In other parts of the country, rather than being shielded from electoral competition, branch secretaries are expected to stand for office and win a popular vote (Guo and Bernstein, 2004).



The Hu-Wen leadership seems to have opted for the deepening of electoral accountability in the villages, as it was put forth in the outline of the ambitious plan to “build a new socialist countryside” (Wen, 2006). The Ministry of Civil Affairs announced that the Organic Law will be amended in ways that will reduce the incidence of vote buying and manipulation and provide “regulations to which villagers can refer and seek redress” (Xinhua, 2006). Furthermore, the government “White Paper on Political Democracy” published in 2005 (Section 6–2) suggests that direct elections in urban neighborhood communities will be generalized along the lines of the elections that have been held at the village level. If these changes are seriously implemented, the Party will have to improve the selection of branch secretaries if it expects them to run concurrently for the office of village or neighborhood committee chairman and win fairer elections. The success or failure of these reforms will depend, to a great extent, on the interaction within the CCP between Party branch secretaries who may directly face the voters and their principals in the townships (and higher) who are likely to remain appointed from above.

As normatively desirable as this evolutionary pathway might be, these fledgling Hu-Wen reforms are evolutionary, not revolutionary, and they are certainly not designed to take China down the path of multiparty democratization. The overall conclusion of this research is that the Chinese Party-state remains firmly in command, thanks to carefully crafted authoritarian institutions that operate effectively at the *lower* levels of the bureaucratic hierarchy. Village elections are designed to strengthen – not weaken – Party rule. These gradual institutional innovations – along with the ones that have allowed the CCP to maintain a tight grip on the cadre promotion system – demonstrate that the CCP owes its success so far not to its static capacity to “keep authority linkages intact” while pursuing economic reforms (Solnick, 1996) but to the kind of continuous institutional innovation and fine-tuning that the CPSU failed to accomplish during *perestroika*. In sharp contrast with the contention that Soviet-type regimes disintegrated because of inherent institutional pathologies (Hough and Fainsod, 1979; Bunce and Roeder, 1986; Bunce, 1999; Hough, 1991a, 1991b, 1997), the CCP’s resilience is not rooted in the futile preservation of preexisting institutions but in the deliberate restructuring of authority linkages

*within* the Party to accommodate the pressures of decentralization over the course of reforms. Under these conditions, decentralization and authoritarianism are indeed compatible in China, even though the broad cross-national evidence suggests that such a combination is rare.



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